CITY OF FARMERS BRANCH, TEXAS

Comprehensive Annual Financial Report

For the Year Ended September 30, 2019

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City of Farmers Branch, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2019

City Council:

Robert C. Dye	Mayor
John Norwood	Mayor Pro Tem, District 3
Terry Lynne	Deputy Mayor Pro Tem, District 4
Cristal Retana	District 1
Bronson Blackson	District 2
Mike Bomgardner	District 5

Farmers Branch City Council 2018-19

(From left) Deputy Mayor Pro Tem Terry Lynne, Councilmember Mike Bomgardner, Mayor Robert C. Dye, Councilmember Bronson Blackson, Councilmember Cristal Retana, Mayor Pro Tem John Norwood

City Manager
Charles S. Cox

Prepared by
Finance Department
Sherrelle Evans-Jones, CPA
Director of Finance

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Comprehensive Annual Financial Report
For the Year Ended September 30, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION (UNAUDITED)	Exhibit	Page
Letter of Transmittal		i
Organization Chart		vi
List of Principal Officials		vii
Council District Boundaries		viii
Certificate of Achievement		ix
FINANCIAL SECTION:		
Independent Auditors' Report		1
Management's Discussion and Analysis (unaudited)		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A-1	11
Statement of Activities	A-2	12
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	14
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	B-2	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-3	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	B-4	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual	B-5	18
Proprietary Funds:		
Statement of Net Position	C-1	20
Statement of Revenues, Expenses, and Changes in Fund Net Position	C-2	21
Statement of Cash Flows	C-3	22
Notes to Basic Financial Statements	D-1	24
Required Supplementary Information (unaudited)	E-1	49
Other Supplementary Information:		
Combining and Individual Fund Statements and Schedules:		
Combining Financial Statements - Nonmajor Governmental Funds:		
Combining Balance Sheet - Summary	F-1	55
Combining Balance Sheet - Nonmajor Special Revenue Funds	F-1a	56
Combining Balance Sheet - Nonmajor Capital Projects Funds	F-1b	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Summary	F-2	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	F-2a	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	F-2b	62
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual		
Nonmajor Special Revenue Funds	G-1	64
Debt Service Fund	G-2	70
Combining Financial Statements - Internal Service Funds:		
Combining Statement of Net Position	H-1	72
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	H-2	73
Combining Statement of Cash Flows	H-3	74

(continued)

Comprehensive Annual Financial Report
For the Year Ended September 30, 2019

TABLE OF CONTENTS

STATISTICAL SECTION (UNAUDITED)	Table	Page
Net Position by Component - Last Ten Fiscal Years	1	76
Changes in Net Position - Last Ten Fiscal Years	2	78
Fund Balances, Governmental Funds - Last Ten Fiscal Years	3	80
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	4	82
Estimated Actual and Assessed Value of Taxable Property - Last Ten Fiscal Years	5	84
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	6	86
Direct and Overlapping Property Tax Levies - Last Ten Fiscal Years	7	88
Principal Property Taxpayers - Current Year and Nine Years Ago	8	90
Property Tax Levies and Collections - Last Ten Fiscal Years	9	91
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	10	92
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	11	93
Direct and Overlapping Governmental Activities Debt - September 30, 2019	12	94
Demographic Statistics - Last Ten Fiscal Years	13	95
Principal Employers - Current Year and Nine Years Ago	14	96
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	15	97
Operating Indicators by Function/Program - Last Ten Fiscal Years	16	98
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	17	100
Schedule of Insurance Policies in Force - September 30, 2019	18	102
Texas Municipal Retirement System Analysis of Funding Progress and Contribution Rates - Last Ten Fiscal Years	19	103

CONTINUING FINANCIAL DISCLOSURE SECTION (UNAUDITED)		
Valuation, Exemptions, and General Obligation Debt	CD-1	106
Taxable Assessed Valuations by Category	CD-2	107
Valuation and General Obligation Debt History	CD-3	108
Tax Rate, Levy, and Collection History - Last Five Fiscal Years	CD-4	109
Ten Largest Taxpayers - Fiscal Year 2020	CD-5	110
Tax Adequacy	CD-6	111
General Obligation Debt Service Requirements	CD-7	112
Interest and Sinking Fund Budget Projection	CD-8	114
Computation of Self-Supporting Debt	CD-9	115
Hotel/Motel Tax Revenue - Last Ten Fiscal Years	CD-10	116
Hotel Occupancy Taxpayers - September 30, 2019	CD-11	117
Changes in Net Position - Governmental Activities - Last Five Fiscal Years	CD-12	118
General Fund Revenue and Expenditure History - Fiscal Years Ended September 30	CD-13	119
Municipal Sales Tax History - Last Five Fiscal Years	CD-14	120
Current Investments - September 30, 2019	CD-15	121
Historical Water and Wastewater Usage - Last Five Fiscal Years	CD-16	122
Top Ten Water Consumers - September 30, 2019	CD-17	123
Monthly Water and Sewer Rates - Last Ten Fiscal Years	CD-18	124
Condensed Statement of Water and Sewer System Operations - Fiscal Years Ended September 30	CD-19	125
Authorized but Unissued General Obligation Bonds	CD-20	126

(concluded)

City of Farmers Branch
13000 William Dodson Parkway
Farmers Branch, Texas 75234

January 21, 2020

Honorable Mayor and City Council
City of Farmers Branch
Farmers Branch, Texas

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Farmers Branch, Texas for the year ended September 30, 2019. The purpose of the report is to provide the Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

THE REPORT

The Texas Local Government Code (§103.001) requires annual audits of municipalities and the City Charter (Sec. 2-18) requires an annual audit of the books of account, financial records, and other evidence of transactions by a certified public accountant within 120 days of the end of the fiscal year. These requirements have been fulfilled and the independent auditors' report is included with this report for the fiscal year ended September 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton L.L.P. has issued an unmodified opinion on the City of Farmers Branch financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Farmers Branch (City) covers approximately 12.1 square miles and is conveniently located on Dallas' northern border. It lies in the heart of an 11-county area that has emerged as a premier commercial, financial, and trading center. Two major interstate highways (IH-35 and IH-635), the Dallas North Tollway and the President George Bush Turnpike, border the City. The Dallas/Fort Worth International Airport and the Dallas Love Field Airport are only minutes from

Farmers Branch. These factors all contribute to the favorable business climate existing within the City.

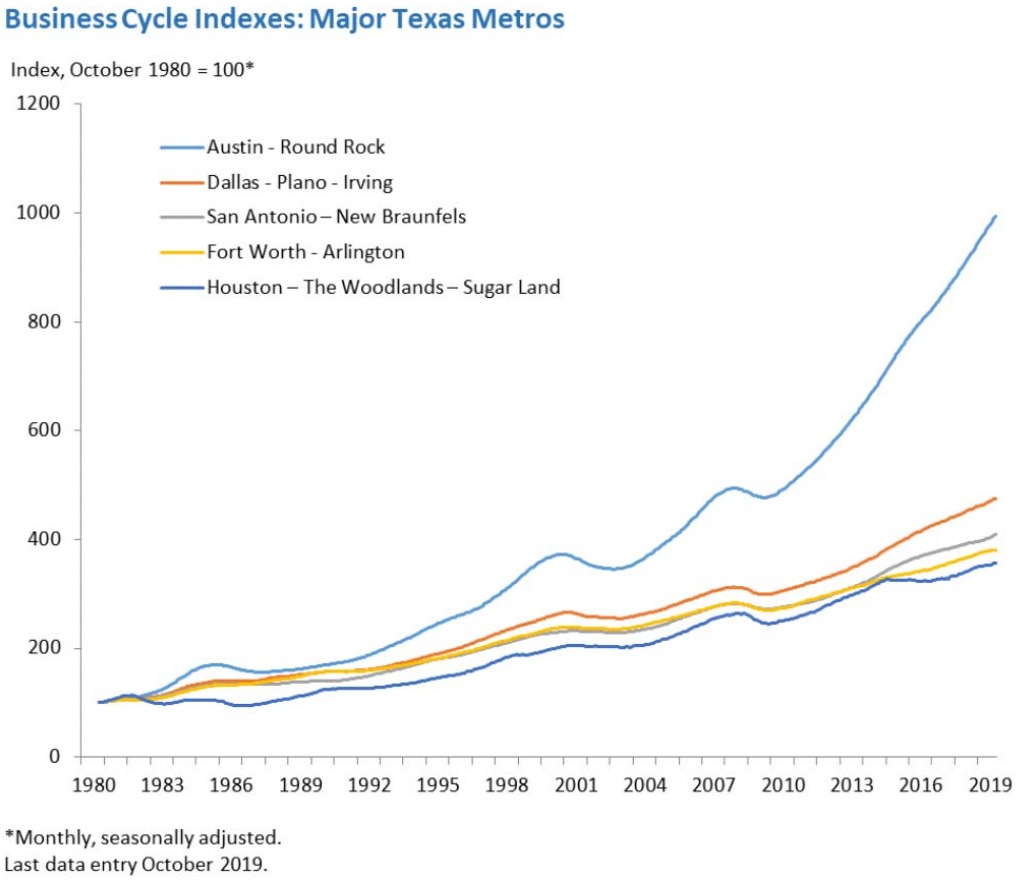
The City of Farmers Branch was incorporated in 1946 under the general laws of the State of Texas. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and five other members, all elected on a non-partisan basis. The term of office is three years, with the terms of two members expiring every year. Term limits allow two terms for at-large members and an additional two terms for an at-large member who becomes Mayor. The City Manager is the chief executive officer for the City.

Although the residential population has recently been estimated at 31,780, Farmers Branch serves a daytime population of 66,000 (per the United States Census Bureau's *American Community Survey – 5 Year Estimates*). The City provides a full range of municipal services including public safety (police and fire protection), streets, water and sanitary sewer utilities, stormwater utility, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative functions. The City of Farmers Branch also is financially accountable for Tax Increment Financing Districts No. 1 and No. 2, Tax Increment Reinvestment Zone No. 3, and the Farmers Branch Local Government Corporation, which are included as blended component units and the North Texas Emergency Communications Center, Inc. and North Dallas County Water Supply Corporation, which are included as joint ventures. Additional information on these five entities can be found in the notes to the financial statements (See Note 1.A).

The Council enacts the budget through passage of an ordinance prior to the start of each fiscal year. This budget serves as the foundation for the City of Farmers Branch's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund, and special revenue funds. Capital projects funds are budgeted over the life of the project. The City Manager is authorized to transfer resources within each department and between departments within the same fund. Council approval is necessary for all other transfers (See Note 1.D).

LOCAL ECONOMY

According to the Federal Reserve Bank of Dallas' November 2019 Regional Economic Update, "Dallas–Fort Worth's economic expansion slowed in October as payroll employment contracted after 17 straight months of growth. Unemployment edged up but remained near historical lows. The Dallas Business-Cycle Index expanded, and the Fort Worth index contracted. Apartment leasing and construction remained solid, and housing affordability improved in the third quarter."



The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries, and includes many of the nation's foremost businesses. Slightly more than seventy-seven (77.2%) of the City's tax base comes from the business community.

In fiscal year 2019, total general fund revenues of $63.4 million represented an increase of 7.9 percent from the prior year. General fund property tax revenues increased 6.6 percent due primarily to increased residential and commercial property valuations as compared to the prior year. Sales and use tax revenues increased by 19.1 percent due to a strong economy and the addition of new businesses with significant taxable sales.

The fiscal year 2020 budget estimates that general fund revenues will increase over $3.1 million due to higher property values and increased sales tax revenue based upon additional increases in business activity. The budget emphasizes investment in infrastructure and equipment needed to continually improve basic service to citizens. The fiscal year 2020 budget details water and sewer revenues at $1.8 million greater than fiscal year 2019 adopted budget due primarily to a five percent water and sewer rate increase. Water and sewer fund expenses are projected to increase by $.9 million due primarily to increases in purchased water and wastewater treatment costs.

LONG-TERM FINANCIAL PLANNING

Users of this document as well as others interested in the programs and services offered by the City of Farmers Branch are encouraged to read the City's 2019-2020 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. The City's

budget also includes long-term financial plans for the general fund that forecasts revenues and expenditures over a five-year horizon. The document can be obtained from the City of Farmers Branch finance department by calling (972) 247-3131. The budget can also be accessed through the City's web site at www.farmersbranchtx.gov and selecting the Finance department using the web site's "department quicklink."

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The concept notes that the City will strive to maintain a general fund unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual general fund expenditures plus other financing sources and uses. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating.

The City of Farmers Branch invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by State law. Staff provides a quarterly report of investments for Council review. The City's investment practice is to buy securities and hold them to maturity to avoid potential losses from a sale. During fiscal year 2019, the City complied with all aspects of the investment policy.

MAJOR INITIATIVES

In fiscal year 2019, construction of the Mercer Crossing planned development on the City's West Side is ongoing. The impact of this estimated $1 billion value development will be significant. Public improvements totaling $33 million (financed with public improvement district bonds) are being constructed. As properties are developed and sold, it is anticipated that close to 10,000 new residents and many new businesses will enter Farmers Branch creating new revenue and expanded needs for city services. This mixed-use development of 1,000 single-family homes, 2,250 apartment units, hotels, retail, office and restaurants is planned for build-out within the next three years.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmers Branch for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. This was the thirtieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

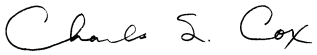
A Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the finance department and our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,

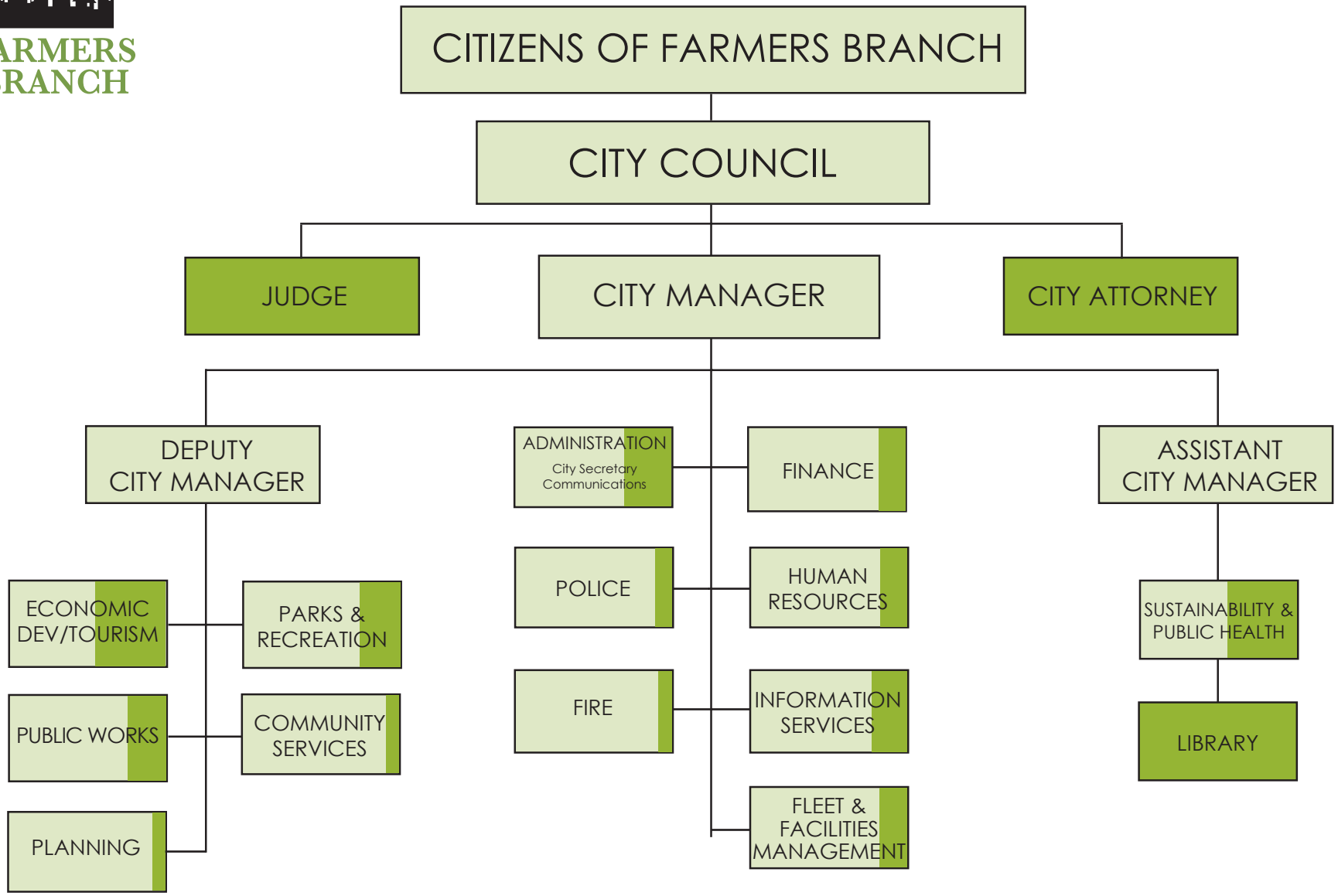


Charles S. Cox
City Manager

Sherrelle Evans-Jones, CPA
Director of Finance

FARMERS BRANCH

CITY OF FARMERS BRANCH
FY 2018-19 ORGANIZATION CHART



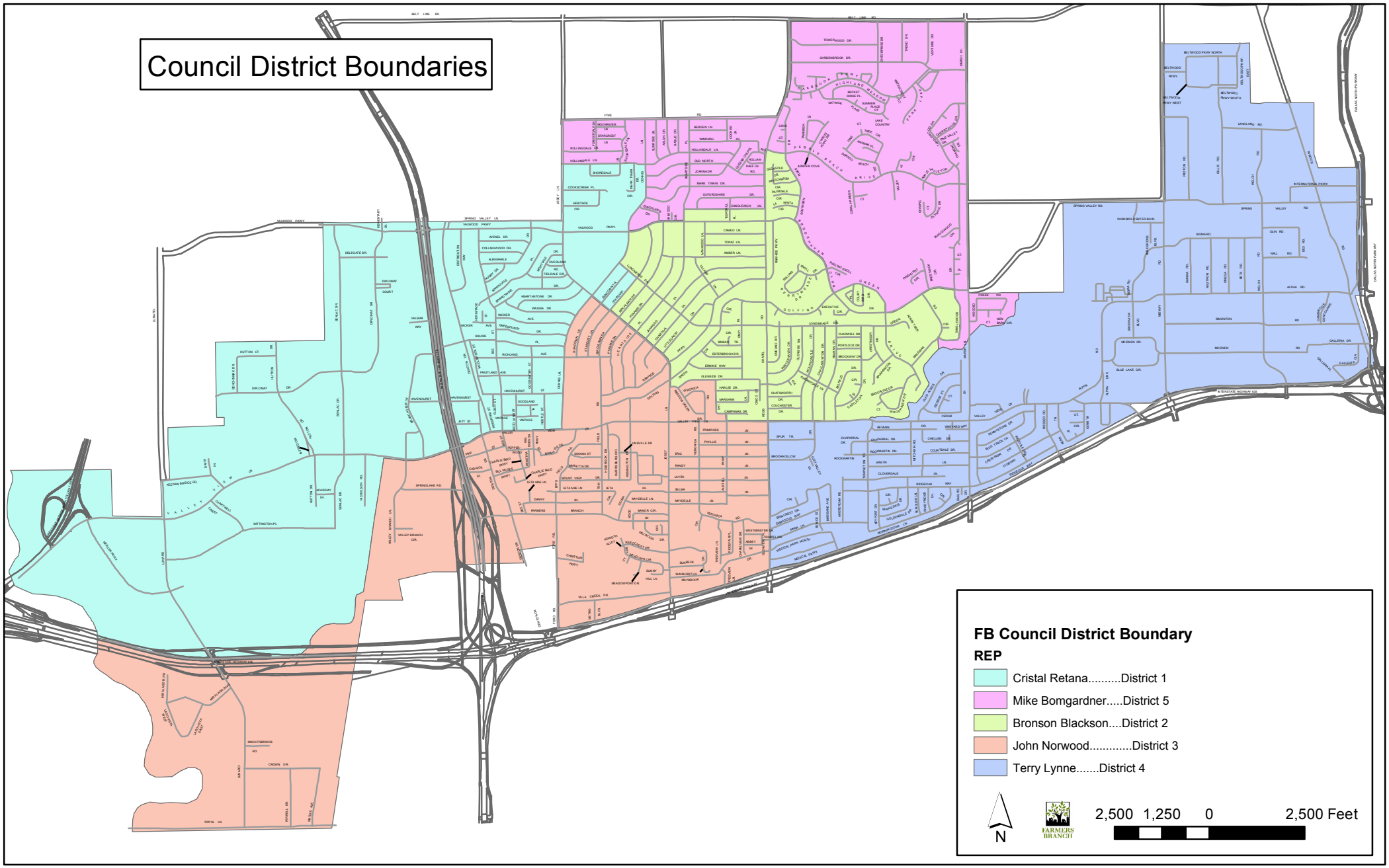
City of Farmers Branch, Texas
List of Principal Officials

City Council

Robert C. Dye	Mayor
Cristal Retana	District 1
Bronson Blackson	District 2
John Norwood	Mayor Pro Tem, District 3
Terry Lynne	Deputy Mayor Pro Tem, District 4
Mike Bomgardner	District 5

Appointed Officials

Charles S. Cox	City Manager
John Land	Deputy City Manager
Terry Carnes	City Judge
Amy Piukana	City Secretary
Tom Bryson	Communications Director
Hugh Pender	Community Services Director
Allison Cook	Economic Development & Tourism Director
Sherrelle Evans-Jones	Finance Director
Steve Parker	Fire Chief
Kevin Muenchow	Fleet & Facilities Management Director
Brian Beasley	Human Resources Director
Mark Samuels	Information Services Director
Michael Mashburn	Parks & Recreation Director
Tina Firgens	Planning Director
David Hale	Police Chief


Council District Boundaries
FB Council District Boundary
REP
Cristal Retana.....District 1
Mike Bomgardner.....District 5
Bronson Blackson....District 2
John Norwood.....District 3
Terry Lynne.....District 4
N
FARMERS BRANCH
2,500 1,250 0 2,500 Feet

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Farmers Branch

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

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Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

GRANT THORNTON LLP
1717 MAIN STREET, SUITE 1800
DALLAS, TX 75201-4667

T 214.561.2300
F 214.561.2370

The Honorable Mayor, City Council and City Manager
The City of Farmers Branch, Texas

Report on the financial statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Farmers Branch, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Farmers Branch, Texas as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Other matters

Required supplementary information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 and the Required Supplementary Information on pages 49 through 51 (Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Retiree Health Plan Schedule of Changes in Total OPEB Liability and Related Ratios) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combined and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information
The introductory section, statistical section, and continuing financial disclosure are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Grant Thornton LLP

Dallas, Texas
January 21, 2020

As management of the City of Farmers Branch (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total combined net position as presented on the Government-wide Statement of Net Position was $178,101,250, which represents an increase of $25,225,621. This was primarily due to the impact of the Mercer Crossing planned development on the City's west side.
- At the close of the fiscal year ended September 30, 2019, the City's governmental funds reported combined ending fund balances of $54,350,464, a decrease of $2,842,698 in comparison with the prior year. The decrease in total fund balance was primarily due to the use of bond proceeds from debt issued during previous fiscal years for construction projects.
- The unassigned fund balance for the general fund was $17,828,976 or 30 percent of total general fund expenditures plus other financing sources and uses. This represents an increase of $3,407,037 from the prior fiscal year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was $20,955,200, or approximately 34 percent of total general fund expenditures.
- The City's long-term liabilities increased $16,400,289 during the current fiscal year primarily due to an increase in the net pension liability. The accounting standards for pensions will reflect more volatility in the amount of the liability from year to year. The pension system reported that their investment portfolio net income was most significantly affected by unrealized losses in the domestic and international equities asset classes.

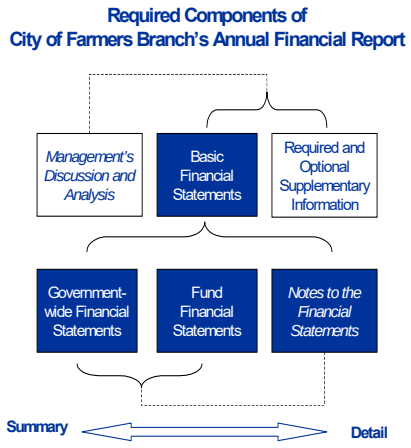
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).



Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and stormwater utilities.

The government-wide financial statements can be found in Exhibit A of this report.

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 24 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the street improvement bond fund, and the Fire Station #2/landfill bond fund, which are considered major funds. Data from the other 21 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer utility and stormwater utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its facilities and fleet management, workers' compensation, and health claims funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer fund and stormwater utility fund are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibit C of this report.

Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found in Exhibit D of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found in Exhibit E of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information on the pensions and OPEB. Combining and individual statements and schedules can be found in Exhibit F through Exhibit H of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position, the amount that assets and deferred outflows of resources exceeded liabilities, was $178,101,250 at the close of the most recent fiscal year.

CONDENSED NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 71,052,826	$ 68,978,034	$ 22,234,405	$ 17,798,063	$ 93,287,231	$ 86,776,097
Capital assets	158,191,542	142,783,851	51,298,312	44,621,547	209,489,854	187,405,398
Total assets	229,244,368	211,761,885	73,532,717	62,419,610	302,777,085	274,181,495
Total deferred outflows of resources	17,436,446	5,273,396	919,100	292,539	18,355,546	5,565,935
Noncurrent liabilities	114,437,279	99,105,145	2,851,965	1,783,810	117,289,244	100,888,955
Other liabilities	23,690,034	19,117,823	1,846,035	1,019,121	25,536,069	20,136,944
Total liabilities	138,127,313	118,222,968	4,698,000	2,802,931	142,825,313	121,025,899
Total deferred inflows of resources	187,521	5,558,400	18,547	287,502	206,068	5,845,902
Net position:						
Net investment in capital assets	120,256,477	111,614,735	50,795,139	44,369,653	171,051,616	155,984,388
Restricted	8,793,762	5,004,542			8,793,762	5,004,542
Unrestricted	(20,684,259)	(23,365,364)	18,940,131	15,252,063	(1,744,128)	(8,113,301)
Total net position	$ 108,365,980	$ 93,253,913	$ 69,735,270	$ 59,621,716	$ 178,101,250	$ 152,875,629

The largest portion of the City's combined net position in the amount of $171,051,616 reflects its investments in capital assets (e.g., land, buildings, equipment, intangible assets, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of $8,793,762 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of $1,744,128 . Please refer to page 28 of the Notes to the Financial Statements for the City's plan to reduce this deficit.

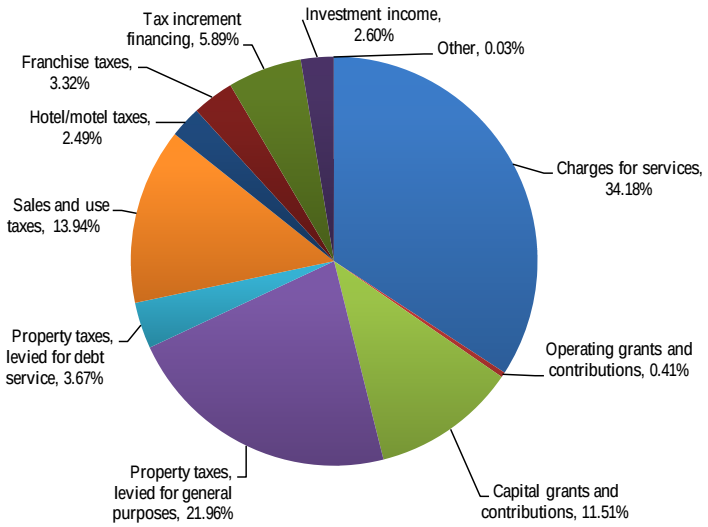
The unrestricted net position of the business-type activities is a positive balance of $18,940,131; however, these resources cannot be used to make up a portion of the deficit in the governmental activities unrestricted net position. The City generally can only use this net position to finance continuing water and sewer operations.

Analysis of the City's Operations – During the current fiscal year, net position for governmental activities increased $15,112,067 from the prior fiscal year for an ending balance of $108,365,980. This increase is attributable in large part to the development on the West Side, which increased capital contributions, building permits, and property and sales taxes. The net position of the business-type activities increased $10,113,554 from the prior fiscal year for an ending balance of $69,735,270. The rates for water and sewer service were increased approximately six percent. The development on the West Side also included capital contributions of $4,365,188 for the business-type activities.

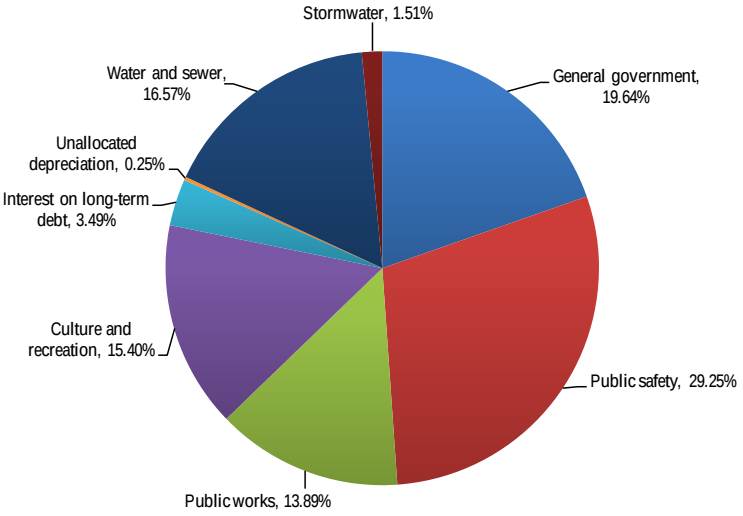
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 16,947,249	$ 14,497,565	$ 25,734,892	$ 25,155,472	$ 42,682,141	$ 39,653,037
Operating grants and contributions	516,444	719,367			516,444	719,367
Capital grants and contributions	10,004,978	6,471,947	4,365,188	3,368,829	14,370,166	9,840,776
General revenues:						
Taxes:						
Property taxes, levied for general purposes	27,431,177	25,617,820			27,431,177	25,617,820
Property taxes, levied for debt service	4,584,944	4,309,918			4,584,944	4,309,918
Sales and use taxes	17,410,323	14,618,441			17,410,323	14,618,441
Hotel/motel taxes	3,115,374	2,849,666			3,115,374	2,849,666
Franchise taxes	4,150,775	4,248,862			4,150,775	4,248,862
Tax increment financing	7,351,606	4,934,111			7,351,606	4,934,111
Investment income	2,935,658	1,787,154	308,111	103,609	3,243,769	1,890,763
Miscellaneous	35,918	17,136			35,918	17,136
Total revenues	94,484,446	80,071,987	30,408,191	28,627,910	124,892,637	108,699,897
Expenses:						
General government	19,575,431	16,174,829			19,575,431	16,174,829
Public safety	29,155,722	25,966,603			29,155,722	25,966,603
Public works	13,841,348	12,433,845			13,841,348	12,433,845
Culture and recreation	15,349,830	13,864,483			15,349,830	13,864,483
Interest on long-term debt	3,474,315	2,812,608			3,474,315	2,812,608
Unallocated depreciation	246,659	272,867			246,659	272,867
Water and sewer			16,513,832	17,132,596	16,513,832	17,132,596
Stormwater utility			1,509,879	284,185	1,509,879	284,185
Total expenses	81,643,305	71,525,235	18,023,711	17,416,781	99,667,016	88,942,016
Change in net position before transfers	12,841,141	8,546,752	12,384,480	11,211,129	25,225,621	19,757,881
Transfers	2,270,926	4,227,900	(2,270,926)	(4,227,900)		
Change in net position	15,112,067	12,774,652	10,113,554	6,983,229	25,225,621	19,757,881
Net position-beginning	93,253,913	83,355,940	59,621,716	52,964,406	152,875,629	136,320,346
Change in accounting principle, GASB 75 adjustment		(2,876,679)		(325,919)		(3,202,598)
Net position--beginning, as restated	93,253,913	80,479,261	59,621,716	52,638,487	152,875,629	133,117,748
Net position--ending	$ 108,365,980	$ 93,253,913	$ 69,735,270	$ 59,621,716	$ 178,101,250	$ 152,875,629

Total Sources of Revenue


Tax increment financing, 5.89%
Investment income, 2.60%
Other, 0.03%
Franchise taxes, 3.32%
Hotel/motel taxes, 2.49%
Charges for services, 34.18%
Sales and use taxes, 13.94%
Property taxes, levied for debt service, 3.67%
Operating grants and contributions, 0.41%
Property taxes, levied for general purposes, 21.96%
Capital grants and contributions, 11.51%

Total Expenses by Activity



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $54,350,464. Of this total, $27,285,503 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of $2,738,829 is considered nonspendable because it has been used for inventory and prepaid items. A total of $6,497,156 has been assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, payment of debt service, and for other purposes. The remaining $17,828,976 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is $17,828,976, while total fund balance is $23,693,091. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance and total general fund balance to total general fund expenditures and other financing sources and uses. Unassigned general fund balance represents 30 percent of total general fund expenditures plus other financing sources and uses, while total fund balance represents 40 percent of that same amount.

The fund balance of the general fund increased $3,617,026 during the fiscal year. Revenues were $4,626,473 higher than the prior year. Sales tax revenue increased $2,791,882 due to a strong economy and the addition of a number of businesses with significant taxable sales. Property tax revenue increased $1,688,297 due primarily to higher valuations. Expenditures were $3,977,535 higher than the prior year due to increases for new positions, employee merit costs, and increased spending for economic development. The street improvement bond fund balance decreased $3,054,555 due to capital outlays for street reconstruction and resurfacing. The Fire Station #2 / landfill bond fund balance decreased $6,198,868 due to capital outlays for construction.

Proprietary Funds - The City's water and sewer fund and stormwater utility fund are the enterprise components of the City's proprietary funds. These fund's financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer fund was $14,987,178 and for the stormwater utility fund was $3,493,706. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's various functions. The City uses internal service funds to account for facilities and fleet management and the City's workers' compensation and health insurance self-insurance programs. Because all of these services primarily benefit governmental rather than business-type activities, they have been included with governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights – During the fiscal year ending September 30, 2019, the City Council adopted amendments to the budget. In the general fund, the final budgeted revenues increased $478,400 compared to the original budgeted revenues. The largest budgeted revenue increase was the budget for sales and use tax. This category increased $2,000,000 due to a strong economy and the addition of businesses in the City. The budget for transfers out, which is an "other financing use" increased $1,070,000 to provide additional funding for projects in the stormwater utility fund.

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2019, amounts to $209,489,854 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, intangible assets, and construction in progress.

Major capital asset events during the current fiscal year included the following:

Completed Projects

- Street improvements for $13,100,000
- Utility improvements for $6,290,000
- Belt-Marsh Pump Station improvements for $3,039,000
- Stars Center upgrades for $986,000
- Historical Park Church renovation for $479,000
- Athletic field lighting for $299,000
- Barney Wood Dog Park for $233,800

Amounts Spent for Ongoing Projects

- Camelot Landfill scale house and maintenance facility construction for $4,603,000
- Design for new Service Center of $2,668,000
- Fire Station No. 2 relocation for $2,098,000
- Park, playground and trail improvements $1,346,000

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2019	2018	2019	2018	2019	2018
Land	$ 40,050,932	$ 40,300,032	$ 603,364	$ 603,364	$ 40,654,296	$ 40,903,396
Buildings	41,676,514	41,716,755	6,646,197	3,877,545	48,322,711	45,594,300
Equipment	9,552,372	10,102,020	1,762,676	2,003,394	11,315,048	12,105,414
Improvements	3,659,582	3,468,193	16,712	17,858	3,676,294	3,486,051
Infrastructure	53,622,503	43,447,386	39,083,308	34,214,380	92,705,811	77,661,766
Intangible assets	563,375	427,687	389,675	37,288	953,050	464,975
Construction in progress	9,066,264	3,321,778	2,796,380	3,867,718	11,862,644	7,189,496
Total	$ 158,191,542	$ 142,783,851	$ 51,298,312	$ 44,621,547	$ 209,489,854	$ 187,405,398

Additional information on the City's capital assets can be found in the notes to basic financial statements (see Note 3.D).

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of $55,232,993. A portion of this debt is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of $4,184,585 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. Another portion in the amount of $5,453,159 comprises debt to be repaid from a sale of land at the landfill and a portion of landfill revenue. Both of these portions are backed by the full faith and credit of the government. The principal for the developer advances was fully paid from Tax Increment Financing District No. 1 funds.

Outstanding Debt at Year-End

	Governmental Activities	
	2019	2018
General obligation bonds	$ 55,232,993	$ 59,135,530
Developer advances		2,401,028
Total	$ 55,232,993	$ 61,536,558

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

	Moody's Investors Service	Date Confirmed	Fitch Ratings	Date Confirmed	Standard & Poor's	Date Confirmed
General obligation bonds						
2009 Combination tax and revenue, taxable	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018
2010 General obligation refunding and improvement	Aa2	June 7, 2019	AA+	September 9, 2019	AA+	March 29, 2018
2011 General obligation refunding bonds, taxable	Aa2	June 7, 2019	AA+	September 9, 2019	AA+	March 29, 2018
2012 Certificates of obligation (bank issued)	n/a	n/a	n/a	n/a	n/a	n/a
2013 Certificates of obligation	Aa2	June 7, 2019	AA+	September 9, 2019	AA+	March 29, 2018
2014 Certificates of obligation	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018
2014 General obligation	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018
2016 Certificates of obligation	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018
2018 Certificates of obligation	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018
2018 General obligation	n/a	n/a	AA+	September 9, 2019	AA+	March 29, 2018

Additional information on the City's long term-debt can be found in the notes to basic financial statements (see Note 3.G).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2019-20 budget has been prepared with the objectives of maintaining the financial strength of the City, meeting the needs of citizens, and implementing the priorities of the City Council. The 86th Texas Legislature recently passed Senate Bill 2 into law, which will effectively limit existing property tax revenue to 3.5% per year without voter approval beginning with the fiscal year 2020-21 budget. Realizing that future revenue growth will be capped, significant efforts have been made in the fiscal year 2019-20 budget to direct a majority of growth to investments in capital improvements. The budget emphasizes investment in public safety, infrastructure, and equipment including Farmers Branch Creek channel improvements, continuation of a 10-year street bond program, Station Area development (Restaurant Park), conclusion of Fire Station No. 2 relocation, increased economic development funding, a library renovation study, new Service Center, park, playground and trail improvements, street revitalization and improvement, Residential Revitalization Program, Farmers Branch Creek well project, police body cam replacement, a solar panel study, and Rawhide Creek lighting.

Revenues are projected to grow in fiscal year 2019-20 due to new development and a continued strong economy. Property and sales tax revenue represent 75 percent of total general fund revenues. In past years, the City has had the fortune of a strong tax base and fund balances. Total taxable values increased 11.44% to $6.214 billion. The commercial tax base, including real and business personal property, represents a strong 77 percent of the City's total tax base. Due to increased revenues associated with property value growth, the budget was developed to maintain the existing property tax rate of 59.9507 cents per $100 valuation. A property tax rate at this level continues to position Farmers Branch at one of the lowest rates in Dallas County. Sales tax revenue is the City's second largest source of revenue representing 24 percent of total general fund budgeted revenue. Sales tax revenue can fluctuate greatly due to national, state and local economic conditions. Overall, sales tax revenues from existing business is anticipated to increase almost five percent. The 2019-20 budget includes an anticipated decrease in building permit revenue of $2,196,000 resulting from slowing construction on the City's west side. Additionally, the 2019-20 budget includes a decrease in franchise fee revenue of $449,500 resulting from changes in telecom regulations. The total general fund budgeted revenue was increased from the prior year by approximately five percent or $3,126,500.

Budgeted general fund expenditures are expected to increase by almost six percent or $3,665,000. The increases are due primarily to increased personnel costs of $1,127,600 or 3.1 percent, which reflects adding two new police officers, six new firefighters, non-sworn employee merit increases, sworn police officer and firefighter adjustments, and sworn step plan increases. An additional $1,495,000 is related to capital costs.

The budget details business-type funds revenues at $2,499,700 greater than the prior year's adopted budget due primarily to a five percent water and sewer pass-thru rate increase, a 15 percent stormwater rate increase, and additional funding totaling $500,000 from the general fund to support stormwater initiatives. The budget includes an increase in water and sewer rates to offset rising costs for treated water from Dallas Water Utilities and wastewater treatment from the Trinity River Authority.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	$ 58,923,871	$ 12,466,836	$ 71,390,707
Receivables (net of allowance for uncollectibles)	7,923,657	4,455,751	12,379,408
Inventories	2,895,989		2,895,989
Deposits	35,000		35,000
Prepaid items	61,444	11,885	73,329
Equity interest in joint venture	1,212,865	5,299,933	6,512,798
Capital assets:			
Nondepreciable	49,117,196	3,399,744	52,516,940
Depreciable, net of accumulated depreciation	109,074,346	47,898,568	156,972,914
Total assets	229,244,368	73,532,717	302,777,085
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	16,912,780	876,143	17,788,923
Deferred outflows from OPEB	434,325	42,957	477,282
Deferred charge on refunding	89,341		89,341
Total deferred outflows of resources	17,436,446	919,100	18,355,546
LIABILITIES			
Accounts payable and other accrued liabilities	9,259,670	1,758,476	11,018,146
Retainage payable	233,769	2,626	236,395
Accrued interest payable	13,023,304		13,023,304
Deposits payable	568,444	544,180	1,112,624
Internal balances	459,247	(459,247)	
Unearned revenue	145,600		145,600
Noncurrent liabilities:			
Due within one year	5,387,945	37,174	5,425,119
Due in more than one year	109,049,334	2,814,791	111,864,125
Total liabilities	138,127,313	4,698,000	142,825,313
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from OPEB	187,521	18,547	206,068
NET POSITION			
Net Investment in capital assets	120,256,477	50,795,139	171,051,616
Restricted for:			
Construction of capital assets	2,106,460		2,106,460
Promotion of tourism	2,012,065		2,012,065
Purposes of grantors/trustees	560,567		560,567
Debt service	2,799,117		2,799,117
Law enforcement	1,314,786		1,314,786
Fire training	767		767
Unrestricted	(20,684,259)	18,940,131	(1,744,128)
Total net position	$ 108,365,980	$ 69,735,270	$ 178,101,250

The accompanying notes are an integral part of the financial statements.

CITY OF FARMERS BRANCH, TEXAS

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 19,575,431	$ 3,905,371	$ 4,911	$
Public safety	29,155,722	4,659,728	96,906	31,440
Public works	13,841,348	6,672,289	316,988	9,940,538
Culture and recreation	15,349,830	1,709,861	97,639	33,000
Interest on long-term debt	3,474,315			
Unallocated depreciation	246,659			
Total governmental activities	81,643,305	16,947,249	516,444	10,004,978
Business-type activities:				
Water and sewer	16,513,832	24,300,079		4,365,188
Stormwater utility	1,509,879	1,434,813		
Total business-type activities	18,023,711	25,734,892		4,365,188
Total primary government	$ 99,667,016	$ 42,682,141	$ 516,444	$ 14,370,166
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales and use taxes				
Hotel/motel taxes				
Franchise taxes				
Tax increment financing				
Investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position--beginning				
Net position--ending				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (15,665,149)	$	$ (15,665,149)
(24,367,648)		(24,367,648)
3,088,467		3,088,467
(13,509,330)		(13,509,330)
(3,474,315)		(3,474,315)
(246,659)		(246,659)
(54,174,634)		(54,174,634)
	12,151,435	12,151,435
	(75,066)	(75,066)
	12,076,369	12,076,369
$ (54,174,634)	$ 12,076,369	$ (42,098,265)
27,431,177		27,431,177
4,584,944		4,584,944
17,410,323		17,410,323
3,115,374		3,115,374
4,150,775		4,150,775
7,351,606		7,351,606
2,935,658	308,111	3,243,769
35,918		35,918
2,270,926	(2,270,926)	
69,286,701	(1,962,815)	67,323,886
15,112,067	10,113,554	25,225,621
93,253,913	59,621,716	152,875,629
$ 108,365,980	$ 69,735,270	$ 178,101,250

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Street Improvement Bond	Fire Station #2 / Landfill Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	$ 19,992,083	$ 7,469,872	$ 7,663,009	$ 20,099,113	$ 55,224,077
Receivables (net of allowance for uncollectibles)	6,537,928	55,251		991,510	7,584,689
Accrued interest and other	120,944	41,246	45,383	83,879	291,452
Due from other funds	48,100				48,100
Inventories	2,682,260			178,800	2,861,060
Prepaid items	55,631			938	56,569
Total assets	$ 29,436,946	$ 7,566,369	$ 7,708,392	$ 21,354,240	$ 66,065,947
LIABILITIES					
Accounts payable	$ 3,913,514	$ 510,733	$ 3,025,209	$ 1,353,798	$ 8,803,254
Retainage payable	21,810	190,686		21,273	233,769
Deposits payable	17,151			551,293	568,444
Due to other funds				48,100	48,100
Unearned revenue - other	124,033			21,567	145,600
Total liabilities	4,076,508	701,419	3,025,209	1,996,031	9,799,167
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,667,347			248,969	1,916,316
Total deferred inflows of resources	1,667,347			248,969	1,916,316
FUND BALANCES					
Nonspendable:					
Inventory	2,682,260				2,682,260
Prepaid items	55,631			938	56,569
Restricted:					
Construction of capital assets		6,864,950	4,683,183	5,946,787	17,494,920
Landfill closure/postclosure				2,744,126	2,744,126
Promotion of tourism				2,011,127	2,011,127
Purpose of grantors, trustees and donors				560,567	560,567
Economic development				360,093	360,093
Debt service				2,799,117	2,799,117
Law enforcement				1,314,786	1,314,786
Fire training operations				767	767
Assigned:					
Construction of capital assets				3,370,932	3,370,932
Other capital assets	2,581,910				2,581,910
Economic development	97,902				97,902
Other purposes	446,412				446,412
Unassigned	17,828,976				17,828,976
Total fund balances	23,693,091	6,864,950	4,683,183	19,109,240	54,350,464
Total liabilities, deferred inflows of resources, and fund balances	$ 29,436,946	$ 7,566,369	$ 7,708,392	$ 21,354,240	$ 66,065,947

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances - governmental funds (page 14)		$ 54,350,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net of internal service fund capital assets of $287,468).		157,974,468
Equity investment in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds.		1,212,865
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflows on pension (net of internal service fund of $126,034)	$ 16,436,981	
Deferred outflows on OPEB (net of internal service fund of $25,109)	410,461	
Deferred charge on debt refunding	89,341	16,936,783
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,916,316
Internal service funds are used by management to charge the cost of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (less amount allocated to business-type activities of $419,629).		1,279,411
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(125,127,110)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows on pension (net of internal service fund of $25,162)		(177,217)
Net position of governmental activities		$ 108,365,980

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General	Street Improvement Bond	Fire Station #2 / Landfill Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 27,397,855	$	$	$ 4,578,079	$ 31,975,934
Sales and use taxes	17,410,323				17,410,323
Hotel/motel taxes				3,115,374	3,115,374
Franchise taxes	4,066,386			66,589	4,132,975
Tax increment financing				7,351,606	7,351,606
Licenses and permits	3,712,038				3,712,038
Charges for services	7,528,129			1,182,212	8,710,341
Fines and forfeitures	1,969,185			818,058	2,787,243
Special assessments				829	829
Investment income	1,198,165	269,159	296,155	1,172,179	2,935,658
Intergovernmental				510,454	510,454
Developer's contributions				651,900	651,900
Miscellaneous	91,213	29,785	36,404	306,707	464,109
Total revenues	63,373,294	298,944	332,559	19,753,987	83,758,784
EXPENDITURES					
Current:					
General government	14,796,687			898,536	15,695,223
Public safety	25,706,131			598,598	26,304,729
Public works	9,183,961			649,821	9,833,782
Culture and recreation	11,845,713			2,147,841	13,993,554
Debt service:					
Principal retirement				6,081,028	6,081,028
Interest and fiscal agent charges				3,060,568	3,060,568
Capital outlay		3,353,499	6,531,427	6,726,565	16,611,491
Total expenditures	61,532,492	3,353,499	6,531,427	20,162,957	91,580,375
Deficiency of revenues over (under) expenditures	1,840,802	(3,054,555)	(6,198,868)	(408,970)	(7,821,591)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,714,300			2,100,647	6,814,947
Transfers out	(3,066,200)			(606,847)	(3,673,047)
Sale of general capital assets	92,206			1,708,869	1,801,075
Insurance recoveries	35,918				35,918
Total other financing sources	1,776,224			3,202,669	4,978,893
Net change in fund balances	3,617,026	(3,054,555)	(6,198,868)	2,793,699	(2,842,698)
Fund balances--beginning	20,076,065	9,919,505	10,882,051	16,315,541	57,193,162
Fund balances--ending	$ 23,693,091	$ 6,864,950	$ 4,683,183	$ 19,109,240	$ 54,350,464

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of activities (page 12) are different because:	
Net change in fund balances - total governmental funds (page 16)	$ (2,842,698)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	6,882,803
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to increase net position.	8,595,282
The change in equity interest in joint venture increases net position.	64,359
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	293,387
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,081,028
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,367,304)
Internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	405,210
Change in net position of governmental activities	$ 15,112,067

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Property taxes	$ 27,795,000	$ 27,415,000	$ 27,397,855	$ (17,145)
Sales and use tax	14,785,000	16,785,000	17,410,323	625,323
Franchise taxes	4,269,500	4,147,000	4,066,386	(80,614)
Licenses and permits	4,955,000	3,593,100	3,712,038	118,938
Charges for services	6,620,200	7,339,700	7,528,129	188,429
Fines and forfeitures	2,186,900	1,786,000	1,969,185	183,185
Investment income	1,089,800	1,142,800	1,198,165	55,365
Miscellaneous	103,000	74,200	91,213	17,013
Total revenues	61,804,400	62,282,800	63,373,294	1,090,494
EXPENDITURES				
General government				
General government	4,542,200	3,426,076	2,960,364	465,712
City administration	1,053,600	1,075,300	1,091,382	(16,082)
Communications	720,100	746,400	707,835	38,565
Economic development	2,501,800	2,402,200	1,952,176	450,024
Human resources	1,055,900	1,074,800	922,691	152,109
Finance	2,440,700	2,468,400	2,391,710	76,690
Information services	2,700,200	2,746,300	2,606,992	139,308
Community services	2,351,600	2,272,000	2,163,537	108,463
Public safety				
Police	14,282,600	14,337,600	13,752,680	584,920
Fire	11,961,000	12,454,624	11,953,451	501,173
Public works				
Public works	4,834,600	4,815,500	4,642,350	173,150
Sustainability & public health	4,795,700	4,750,500	4,541,611	208,889
Culture and recreation				
Parks and recreation	10,388,500	10,539,500	9,862,435	677,065
Library	1,870,700	1,885,000	1,983,278	(98,278)
Total expenditures	65,499,200	64,994,200	61,532,492	3,461,708
Deficiency of revenues (over) under expenditures	(3,694,800)	(2,711,400)	1,840,802	4,552,202
OTHER FINANCING SOURCES (USES)				
Transfers in	4,714,300	4,714,300	4,714,300	
Transfers out	(1,996,200)	(3,066,200)	(3,066,200)	
Sale of general capital assets	25,000	95,000	92,206	(2,794)
Insurance recoveries	20,000	26,700	35,918	9,218
Total other financing sources	2,763,100	1,769,800	1,776,224	6,424
Net change in fund balances	(931,700)	(941,600)	3,617,026	4,558,626
Fund balances--beginning	20,076,065	20,076,065	20,076,065	
Fund balances--ending	$ 19,144,365	$ 19,134,465	$ 23,693,091	$ 4,558,626

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	$ 8,528,245	$ 3,938,591	$ 12,466,836	$ 3,699,794
Receivables (net of allowance for uncollectibles)	4,289,678	118,858	4,408,536	47,516
Accrued interest and other	34,982	12,233	47,215	
Inventories				34,929
Prepaid items	11,885		11,885	4,875
Deposits				35,000
Total current assets	12,864,790	4,069,682	16,934,472	3,822,114
Noncurrent assets:				
Equity interest in joint venture	5,299,933		5,299,933	
Capital assets:				
Nondepreciable	3,399,744		3,399,744	8,170
Depreciable, net of accumulated depreciation	47,317,079	581,489	47,898,568	208,904
Total noncurrent assets	56,016,756	581,489	56,598,245	217,074
Total assets	68,881,546	4,651,171	73,532,717	4,039,188
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	876,143		876,143	475,799
Deferred outflows from OPEB	42,957		42,957	23,864
Total defered outflows of resources	919,100		919,100	499,663
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	1,182,500	575,976	1,758,476	456,416
Compensated absences	37,174		37,174	23,447
Claims payable				544,009
Retainage payable	2,626		2,626	
Deposits payable	544,180		544,180	
Total current liabilities	1,766,480	575,976	2,342,456	1,023,872
Noncurrent liabilities:				
Compensated absences	166,609		166,609	88,974
Claims payable				194,694
Net pension liability	2,200,943		2,200,943	1,233,884
Total OPEB liability	447,239		447,239	248,465
Total noncurrent liabilities	2,814,791		2,814,791	1,766,017
Total liabilities	4,581,271	575,976	5,157,247	2,789,889
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from OPEB	18,547		18,547	10,304
NET POSITION				
Net investment in capital assets	50,213,650	581,489	50,795,139	217,074
Unrestricted	14,987,178	3,493,706	18,480,884	1,521,584
Total net position	$ 65,200,828	$ 4,075,195	$ 69,276,023	$ 1,738,658
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			459,247	
Net position of business-type activities			$ 69,735,270	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Operating revenues				
Charges for services	$ 24,264,193	$ 1,434,813	$ 25,699,006	$ 4,307,402
Contributions and miscellaneous	35,886		35,886	4,548,300
Total operating revenues	24,300,079	1,434,813	25,734,892	8,855,702
Operating expenses				
Personal services	2,310,746		2,310,746	1,188,714
Materials and supplies	277,884		277,884	1,604,048
Maintenance and utilities	1,415,092	1,442,846	2,857,938	1,603,399
Purchase of water	5,343,572		5,343,572	
Sewage treatment	4,511,094		4,511,094	
Insurance claims and expenses				3,925,927
Depreciation	2,627,303	67,033	2,694,336	88,786
Total operating expenses	16,485,691	1,509,879	17,995,570	8,410,874
Operating income (loss)	7,814,388	(75,066)	7,739,322	444,828
Nonoperating revenues (expenses)				
Investment income	228,282	79,829	308,111	
Loss of the joint venture	(67,759)		(67,759)	
Total nonoperating revenues	160,523	79,829	240,352	
Income before contributions and transfers	7,974,911	4,763	7,979,674	444,828
Capital contributions	4,881,095	355,067	5,236,162	
Transfers in		1,011,200	1,011,200	
Transfers out	(4,153,100)		(4,153,100)	
Change in net position	8,702,906	1,371,030	10,073,936	444,828
Net position--beginning	56,497,922	2,704,165	59,202,087	1,293,830
Net position--ending	$ 65,200,828	$ 4,075,195	$ 69,276,023	$ 1,738,658

Reconciliation to government-wide statement of net position:	
Change in net position	$ 10,073,936
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds	39,618
Change in net position of business-type activities	$ 10,113,554

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 23,419,108	$ 1,438,872	$ 24,857,980	$
Receipts from interfund services provided				8,830,298
Payments to suppliers	(10,882,255)	(910,826)	(11,793,081)	(3,168,236)
Payments to employees	(2,085,763)		(2,085,763)	(1,108,511)
Payments for loss claims				(3,890,105)
Payments for interfund services	(492,540)		(492,540)	
Net cash provided by operating activities	9,958,550	528,046	10,486,596	663,446
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds		1,011,200	1,011,200	
Transfers to other funds	(4,153,100)		(4,153,100)	
Net cash provided by (used for) noncapital financing activities	(4,153,100)	1,011,200	(3,141,900)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,932,045)	(202,894)	(4,134,939)	(18,392)
Net cash used for capital and related financing activities	(3,932,045)	(202,894)	(4,134,939)	(18,392)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,409,457)	(1,481,065)	(3,890,522)	
Investment income	217,701	78,106	295,807	
Net cash used for investing activities	(2,191,756)	(1,402,959)	(3,594,715)	
Net increase (decrease) in cash and cash equivalents	(318,351)	(66,607)	(384,958)	645,054
Cash and cash equivalents - beginning of year	1,153,608	452,353	1,605,961	3,054,740
Cash and cash equivalents - end of year	$ 835,257	$ 385,746	$ 1,221,003	$ 3,699,794
Cash and cash equivalents - end of year	$ 835,257	$ 385,746	$ 1,221,003	$ 3,699,794
Investments	7,692,988	3,552,845	11,245,833	
Cash, cash equivalents, and investments - end of year	$ 8,528,245	$ 3,938,591	$ 12,466,836	$ 3,699,794
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	$ 4,881,095	$ 355,067	$ 5,236,162	
Loss of the joint venture	(67,759)		(67,759)	
	$ 4,813,336	$ 355,067	$ 5,168,403	

The accompanying notes are an integral part of the financial statements.

(continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 7,814,388	$ (75,066)	$ 7,739,322	$ 444,828
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,627,303	67,033	2,694,336	88,786
Change in assets and liabilities:				
(Increase) decrease in receivables	(990,292)	4,059	(986,233)	(30,404)
Increase in inventory of materials and supplies				(8,897)
Decrease in deposits				5,000
Decrease in prepaid items				4,071
Increase in deferred outflows of resources	(626,561)		(626,561)	(348,520)
Increase in accounts payable	357,308	532,020	889,328	
Increase in accrued liabilities				26,535
Decrease in retainage payable	(132,117)		(132,117)	
Increase in claims payable				60,759
Increase in deposits payable	109,321		109,321	
Increase in net pension liability	1,109,504		1,109,504	616,263
Decrease in total OPEB liability	(39,630)		(39,630)	(22,017)
Decrease in accrued compensated absences	(1,719)		(1,719)	(19,780)
Decrease in deferred inflows of resources	(268,955)		(268,955)	(153,178)
Net cash provided by operating activities	$ 9,958,550	$ 528,046	$ 10,486,596	$ 663,446

The accompanying notes are an integral part of the financial statements. (concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Farmers Branch, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member council. The City was incorporated in 1946 under the Constitution of the State of Texas (Home Rule Amendment). As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered financially accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City's blended component units and joint venture, which all have a September 30 year-end, are as follows:

Blended Component Units

The Tax Increment Finance District Number One ("TIF No. 1"), Tax Increment Finance District Number Two ("TIF No. 2"), and Tax Increment Reinvestment Zone Number Three ("TIRZ No. 3") were created pursuant to the Texas Tax Increment Financing Act, Tax Code Chapter 311, as amended. The purpose of the TIF No. 1 is to promote development in the Mercer Crossing area. The purpose of the TIF No. 2 is to promote development in the Old Farmers Branch area. The purpose of the TIRZ No. 3 is to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments. Management of the primary government has operational responsibility for all three of these tax increment financing districts. The TIF No. 1 and TIF No. 2 are reported as capital projects funds and are included as blended component units because they provide a financing mechanism to build streets and other infrastructure. The TIRZ No. 3 is reported as a special revenue fund because the revenues are restricted to reduce the public improvement district assessments and the fund is included as a blended component unit.

The Farmers Branch Local Government Corporation ("FBLGC") was organized on behalf of the City to accomplish any governmental purpose of the City and to promote the common good and general welfare of the City. This includes the furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in the City, and currently to develop oil, natural gas and other mineral interests on behalf of the City. Management of the primary government has operational responsibility for the FBLGC. The FBLGC is authorized to issue bonds, notes or other obligations after approval by the City Council. The FBLGC has been included as a blended component unit because it is organized as a not-for-profit corporation in which the City of Farmers Branch is the sole corporate member. The FBLGC is fiscally dependent (the City must approve any issuance of debt) and the purpose of the corporation is to provide a benefit to the City.

Joint Ventures

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of certificates of obligation. The City of Farmers Branch's equity interest in the NTECC is $1,212,865 at September 30, 2019 and is reported as equity interest in joint venture in the governmental activities on the government-wide Statement of Net Position. Audited financial statements for the NTECC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

Additionally, the Cities have also entered into inter-local agreements to jointly procure a public safety radio system and a fire training facility. These agreements did not include the formation of a separate legal joint venture entity. The City has financed its portion of construction funds through the issuance and sale of general obligation bonds. The Cities are responsible for funding a portion of the radio system and fire training facility in the proportions stated in the inter-local agreements. The City of Farmers Branch's portion of the radio system is capitalized as infrastructure and equipment and the portion of the fire training facility is capitalized as buildings in the governmental activities on the government-wide Statement of Net Position.

The North Dallas County Water Supply Corporation ("NDCWSC") is a joint venture between the City and the Town of Addison (the "Town") to design, construct, operate, and maintain a joint sanitary sewer interceptor and conventional sewer lines. The NDCWSC, a public instrumentality and nonprofit water supply corporation, was created for that purpose. Upon dissolution of the NDCWSC, the City and Town will share the net position in the proportions stated in an inter-local agreement. The affairs of the NDCWSC are managed by a six-person board of directors appointed by the governing bodies of the City and the Town.

The City and the Town are each obligated to fund construction of the sanitary sewer interceptor in the proportions stated in the inter-local agreement. The City has financed its portion of construction funds through the issuance and sale of assessment revenue bonds and a transfer from previously issued sewer bonds. The City's net investment and its share of the operating results of the NDCWSC are reported in the City's water and sewer fund. The City's equity interest in the NDCWSC was $5,299,933 at September 30, 2019. Complete financial statements for the NDCWSC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *street improvement bond fund* is used to provide funds for permanent public improvements, to-wit: engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefor.

The *Fire Station #2 / landfill bond fund* is used for the construction and relocation of Fire Station #2 and to construct a new scale house and maintenance facility at the Camelot Landfill.

The City reports the following major proprietary funds:

The *water and sewer fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *stormwater utility fund* is used to account for the City's drainage management program.

The City reports the following internal service funds:

The *internal service funds* are used to account for facilities and fleet management services and the City's workers' compensation and medical self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. The issuance of long-term debt is reported as an other financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when the government receives cash.

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

D. Budgetary Information

1) Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds, and debt service fund. The capital projects funds are appropriated on a project-length basis and often span a period of more than one year.

The appropriated budget is prepared by fund, department, and function. The City Manager may transfer unencumbered appropriations within a department and between departments within the same fund. City Council approval is necessary for transfers of unencumbered appropriations between funds. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Special revenue funds are budgeted at the function level. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.

2) Excess of Expenditures over Appropriations

For the year ended September 30, 2019, expenditures in the general fund's city administration division exceeded appropriations by $16,082 and the library division exceeded appropriations by $98,278. These excesses were for prior year purchase orders completed in the current fiscal year and were approved by City Council.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments are recorded at fair value (based on quoted market prices), except for investments with maturity of one year or less from date of purchase, which are stated at amortized cost, and except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which

approximates fair value) even though it is calculated using the amortized cost method.

3) Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

4) Inventories and Prepaid Items

Inventories are stated at cost for the internal service funds and at the lower of cost or market for the inventory of land held for resale in the general fund. Inventories are recorded as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital Assets

Capital assets include land, buildings, equipment, improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., software, websites). Capital assets purchased, acquired or developed, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The City defines capital assets as having a useful life longer than one year and an initial, individual cost that exceeds the capitalization threshold for their class. The capitalization threshold for the infrastructure class is $100,000. The capitalization threshold for all other asset classes is $5,000. Other costs incurred for repairs and maintenance are expensed. Insurance recoveries of $35,918 were received for the year ended September 30, 2019. They are included as an “other financing source” in the governmental funds.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated on the straight-line basis over the following estimated useful lives:

Capital asset classes	Lives	
Buildings	30 - 50	years
Equipment	5 - 30	years
Improvements	20	years
Intangible assets-software/websites	5	years
Infrastructure	15 - 63	years

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflows of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first three deferred outflows of resources are reported in the government-wide and proprietary funds statements of net position. The first item is the deferred outflows of resources from pension. For purposes of measuring the net pension liability, deferred outflows of resources related to pension have been determined on the same basis as they are reported by TMRS. The second item is the deferred outflows of resources from OPEB. The third item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from OPEB. This is reported in the government-wide and proprietary funds statements of net position.

Finally, the City has one item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

	General Fund	Nonmajor Governmental Funds	Total
Property taxes	675,500	$108,908	$784,408
Ambulance	300,279		300,279
Franchise taxes - electric	660,037		660,037
Franchise taxes - solid waste	31,346		31,346
Charges for services - culture and recreation	185		185
Special assessments		140,061	140,061
Total	$1,667,347	$248,969	$1,916,316

7) Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The net investment in capital assets for the business-type activities is reported net of related debt in the amount of $503,173, which represents account and retainage payables for capital asset activity.

The governmental activities unrestricted net position is a deficit of $20,684,259 at September 30, 2019. The City actively manages its net position and has planned for the reduction and/or elimination of its unrestricted deficit net position in the following ways:

1) A major portion of the City's unrestricted deficit net position is due to approximately $11.8 million of accrued interest payable for developer advances. This amount may be reimbursed only from the Tax Increment Financing District No. 1 ("TIF No. 1") to the extent such funds are on deposit in the fund. Current revenue projections for this fund indicate repayment of most of this accrued interest will be unlikely. The TIF No. 1 expires December 31, 2019.

2) Options to reduce and eventually to eliminate the total OPEB liability of approximately $5.0 million have been implemented. This includes health insurance coverage options for retirees with no implicit subsidy for the City, capping existing contributions, and terminating the City contribution for employees hired after December 31, 2006.

3) The net pension liability is $43.9 million and the City plans to reduce this liability in the future by making extra contributions as resources are available.

8) Fund Balance Policies and Flow Assumptions

Governmental fund's fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

In the general fund, the City strives to maintain a target range of unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual GAAP basis expenditures and other financing sources and uses.

F. Revenues and Expenditures/Expenses

1) Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2) Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

3) Compensated Absences

The City's employees earn vacation leave (up to a maximum of 192 hours per year for 40 hours per week employees and 288 hours per year for 56 hours per week employees) based on years employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years for employees hired prior to January 1, 2011 and within one and a half years for employees hired on or after January 1, 2011. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees hired before October 1, 1992 will be paid a maximum of 720 hours of sick pay for 40 hours per week employees or 1,080 hours for 56 hours per week employees. Upon retirement or termination, employees hired between October 1, 1992 and December 31, 2010 with five years or less of service will be paid a maximum of 120 hours of sick pay and with more than five years of service will be paid a maximum of 240 hours of sick pay for 40 hours per week employees or with five years or less of service will be paid a maximum of 180 hours of sick pay and with more than five years of service will be paid a maximum of 360 hours of sick pay for 56 hours per week employees. Employees hired on or after January 1, 2011 receive no payout for unused sick leave upon retirement or termination.

4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for water and sewer funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of the $157,974,468 are as follows:

Land and rights of way	$ 40,042,762
Construction in progress	9,066,264
Improvements	12,106,260
Less: Accumulated depreciation-improvements	(8,446,678)
Buildings	60,575,750
Less: Accumulated depreciation-buildings	(18,952,419)
Equipment	31,290,051
Less: Accumulated depreciation-equipment	(21,807,040)
Infrastructure	131,125,454
Less: Accumulated depreciation-infrastructure	(77,502,951)
Intangible assets	2,288,703
Less: Accumulated depreciation-intangible assets	(1,811,688)
Net adjustment to increase *fund balance - total government funds* to arrive at *net position - governmental activities*	$ 157,974,468

Another element of that reconciliation explains that "internal service funds are used by management to charge the costs of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position." The details of this $1,279,411 difference are as follows:

Net position of the internal service funds	$ 1,738,658
Less: Internal receivable representing charges below cost to business-type activities - current year	(459,247)
Net adjustment to increase *fund balance - total government funds* to arrive at *net position - governmental activities*	$ 1,279,411

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $125,127,110 difference are as follows:

Bonds payable	$ 52,780,000
Add: Issuance premium (to be amortized over life of debt)	2,452,993
Accrued interest payable	13,023,304
Compensated absences	5,081,637
Net pension liability	40,496,833
Net OPEB liability	4,273,621
Landfill liability	7,018,722
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 125,127,110

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this $6,882,803 difference are as follows:

Capital outlay	$ 14,591,691
Depreciation expense	(7,708,888)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 6,882,803

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this $6,081,028 difference are as follows:

Principal repayments:	
General obligation debt	$ 3,680,000
Developer advances	2,401,028
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 6,081,028

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $4,367,304 difference are as follows:

Compensated absences	$ (69,725)
Net pension liability	21,000,116
Difference in deferred outflows for pension	(11,850,636)
Differences in deferred outflows for OPEB	21,420
Differences in deferred inflows from pension	(5,394,918)
Differences in deferred inflows from OPEB	177,217
Net OPEB liability	(378,679)
Accrued interest on long-term debt	621,598
Amortization of bond premiums	(222,537)
Amortization of deferred charge on refunding	14,686
Landfill liability	448,762
Net adjustment to decrease *total governmental funds* to arrive at *changes in net position of governmental activities*	$ 4,367,304

Another element of that reconciliation states that "internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this ($405,210) difference are as follows:

Change in net position of the internal service funds	$	(444,828)
Plus: charges to business-type activities		39,618
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(405,210)

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the only item of that reconciliation is "adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time." The details of the $459,247 difference are as follows:

Internal payable representing charges below cost to business-type activities - prior years	$	419,629
Internal payable representing charges over cost to business-type activities - current year		39,618
Net adjustment to increase *net position - total enterprise funds* to arrive at *changes in net position of business-type activities*	$	459,247

3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the City's deposits was ($1,033,456) and the bank balance was $164,046. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name. At year-end, the carrying amount of the Farmers Branch Local Government Corporation, blended component unit's bank balance was $40,683. The bank balance was completely covered by federal depository insurance.

B. Investments

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds. TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

To maximize investment opportunities, all funds (excluding the debt service fund and the internal service funds) participate in a pooling of cash and investment income. Each fund may liquidate its equity in the pool on demand.

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of Texas and its agencies and instrumentalities, obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating, insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical securities. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2019, the City had the following investments:

Investments by Fair Value Level	September 30, 2019	Fair Value - Level 1	Fair Value - Level 2	Weighted Average Maturity (in days)
Municipal Obligations	$ 26,292,605	$	$ 26,292,605	195
Federal Home Loan Bank Notes	7,000,131		7,000,131	50
US Treasury Bill	15,073,342	15,073,342		137
Total Investments by Fair Value Level	48,366,078	15,073,342	33,292,736	
Investments Measured at NAV/Amortized Cost				
Certificates of Deposit Account Registry (CDARS)	10,000,000			94
TexPool	14,098,768			34
Total investments at NAV/Amortized Cost	24,098,768			
Total Investments at Carrying Amount	$ 72,464,846 (1)			
Portfolio Weighted Average Maturity				190

(1) This amount includes investments in local government investment pools and CDARS, which are measured at NAV and amortized cost, respectively.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to eighteen months (548 days).

Credit Risk. The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Municipal Obligations	Aaa/AAA*	3%
TexPool	AAAm	19%
Federal Home Loan Bank Notes	Aaa/AA	10%
Municipal Obligations	Aa/AA	33%

*Aaa/AAA is the highest credit quality issued by Moody's Investor's Services, and by Standard & Poor's, respectively.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The City's portfolio is 36% invested in Municipal Obligations and 10% invested in Federal Home Loan Bank as of September 30, 2019. The remaining 54% of the City's investments is invested in U.S. government issues, U.S. guaranteed obligations, or an external investment pool.

C. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Street Improvement	Fire Station #2 / Landfill Bond	Nonmajor Governmental	Internal Service	Water and Sewer	Stormwater Utility	Total
Receivables:								
Property tax	$ 658,593	$	$	$ 105,942	$	$	$	$ 764,535
Other taxes	4,546,476			302,520				4,848,996
Accounts	4,011,910	55,251		575,379	47,516	1,502,579	61,241	6,253,876
Unbilled accounts						2,888,480	60,681	2,949,161
Assessments				21,187				21,187
Accrued interest	120,944	41,246	45,383	83,879		34,982	12,233	338,667
Gross receivables	9,337,923	96,497	45,383	1,088,907	47,516	4,426,041	134,155	15,176,422
Less: Allowance for uncollectibles	(2,679,051)			(13,518)		(101,381)	(3,064)	(2,797,014)
Net total receivables	$6,658,872	$ 96,497	$ 45,383	$ 1,075,389	$ 47,516	$4,324,660	$ 131,091	$ 12,379,408

D. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Primary Government			
	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights of way	$ 40,300,032	$	$ (249,100)	$ 40,050,932
Construction in progress	3,321,778	8,417,232	(2,672,746)	9,066,264
Total capital assets, not being depreciated	43,621,810	8,417,232	(2,921,846)	49,117,196
Capital assets, being depreciated				
Improvements	11,501,929	604,331		12,106,260
Buildings	59,588,831	1,359,720		60,948,551
Equipment	29,717,412	2,229,830	(316,060)	31,631,182
Infrastructure	118,262,464	13,060,534	(197,544)	131,125,454
Intangible assets - software/websites	2,039,175	499,223		2,538,398
Total capital assets, being depreciated	221,109,811	17,753,638	(513,604)	238,349,845
Less accumulated depreciation for:				
Improvements	(8,033,736)	(412,942)		(8,446,678)
Buildings	(17,872,076)	(1,399,961)		(19,272,037)
Equipment	(19,615,392)	(2,735,819)	272,401	(22,078,810)
Infrastructure	(74,815,078)	(2,885,417)	197,544	(77,502,951)
Intangible assets - software/websites	(1,611,488)	(363,535)		(1,975,023)
Total accumulated depreciation	(121,947,770)	(7,797,674)	469,945	(129,275,499)
Total capital assets, being depreciated, net	99,162,041	9,955,964	(43,659)	109,074,346
Governmental activities capital assets, net	$ 142,783,851	$ 18,373,196	$ (2,965,505)	$ 158,191,542
Business-type activities:				
Capital assets, not being depreciated:				
Land and rights of way	$ 603,364	$	$	$ 603,364
Construction in progress	3,867,718	3,737,888	(4,809,226)	2,796,380
Total capital assets, not being depreciated	4,471,082	3,737,888	(4,809,226)	3,399,744
Capital assets, being depreciated:				
Improvements	46,126			46,126
Buildings	11,647,291	3,039,473		14,686,764
Equipment	6,089,850	194,158	(95,848)	6,188,160
Infrastructure	87,470,304	6,847,817	(91,750)	94,226,371
Intangible assets - software/websites	104,915	360,991		465,906
Total capital assets, being depreciated	105,358,486	10,442,439	(187,598)	115,613,327
Less accumulated depreciation for:				
Improvements	(28,268)	(1,146)		(29,414)
Buildings	(7,769,746)	(270,821)		(8,040,567)
Equipment	(4,086,456)	(434,876)	95,848	(4,425,484)
Infrastructure	(53,255,924)	(1,978,889)	91,750	(55,143,063)
Intangible assets - software/websites	(67,627)	(8,604)		(76,231)
Total accumulated depreciation	(65,208,021)	(2,694,336)	187,598	(67,714,759)
Total capital assets, being depreciated, net	40,150,465	7,748,103		47,898,568
Business-type activities capital assets, net	$ 44,621,547	$ 11,485,991	$ (4,809,226)	$ 51,298,312

The preceding schedule includes internal service assets in the governmental activities. Internal service fund depreciation expense is allocated to the primary government based on each function or program's usage of its services.

Depreciation expense (includes amortization expense of intangible assets) was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	884,704
Public safety		1,851,025
Public works, which includes the depreciation of general infrastructure assets		3,014,616
Culture and recreation		1,800,670
Unallocated		246,659
Total depreciation expense - governmental activities	$	7,797,674
Business-type activities:		
Water and sewer	$	2,627,303
Stormwater utility		67,033
Total depreciation expense business-type activities	$	2,694,336

Commitments and Contingent Liabilities

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

	Encumbrances	
General fund for general purposes	$	446,412
General fund for capital assets		491,708
Water and sewer fund		40,870
Stormwater utility fund		840,801
Non-major funds		895,649
Total	$	2,715,440

The City has entered into several construction contracts during the fiscal year, which include street improvements, replacement of water mains, and the construction of municipal facilities. As of September 30, 2019, the City had outstanding construction contracts totaling $7,807,389 that will be financed from operating funds.

	Construction Commitments	
Street improvement bond	$	1,405,186
Water and sewer fund		4,870,827
Non-major capital projects funds		1,531,376
Total	$	7,807,389

E. Interfund Receivables, Payables and Transfers

Interfund balances at September 30, 2019 consisted of the following:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental fund - Grants fund	$ 22,100
General fund	Nonmajor governmental fund - Residential revitalization bond fu	26,000

Government interfund transfers during the year ended September 30, 2019 were as follows:

	TRANSFERS IN			
TRANSFERS OUT	General Fund	Nonmajor Governmental Funds	Stormwater Utility Fund	Total
General fund	$	$ 2,055,000	$ 1,011,200	$ 3,066,200
Nonmajor governmental funds	561,200	45,647		606,847
Water and sewer fund	4,153,100			4,153,100
Total	$ 4,714,300	$ 2,100,647	$ 1,011,200	$ 7,826,147

Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Purpose of Transfers

Transfers are used to (1) move unrestricted revenues to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) for the water and sewer fund to the general fund for a payment in lieu of taxes.

F. Tax Abatements / Tax Increment Financing Zones / Public Improvement Districts

Tax Abatements – The City of Farmers Branch enters into tax abatement agreements with local residents and businesses under Chapter 380 of the Texas Local Government Code. Under this chapter, the City may provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development.

The City has three categories of economic development agreements:

- Residential Demolition/Rebuild Incentive Program – This program provides property tax abatements to encourage redevelopment of existing housing stock in the City. The program may include a demolition incentive grant up to $30,000 and annual incentive grants (between three and seven years) equal to the difference between the City property taxes assessed and paid for the new improvements (new residential structure excluding the land) for a given tax year and the City property taxes for the residential structure prior to demolition (excluding the land) for the tax year in which the structure was demolished (the "Base Year"). The amounts and number of years the incentive will be paid vary depending on the value of the residential structure and the program in place at the effective date of the agreement. Abatements are obtained through application prior to beginning the improvements and commence when the City issues a certificate of occupancy or certificate of completion for the new residence. The property owner commits to demolition of the existing residence and the construction of a new residence within 24 months of the effective date of the agreement. If construction is not completed as agreed, the City has the option to terminate the agreement and seek reimbursement of the demolition cost reimbursement incentive. No other commitments were made by the City as part of those agreements. For the fiscal year ended September 30, 2019, the City abated property taxes totaling $304,695 for 45 properties under this program.

- Economic Development Agreements – The purpose of these agreements is for the promotion of the expansion of existing businesses within the City and the recruitment of new business enterprises to the City. These agreements include repayment provisions should the recipient fail to fully meet its commitments. The names of businesses receiving sales tax rebates are not disclosed, as they are made confidential by Texas Tax Code Section 151.027.

- A ten-year agreement for a 50 percent property tax rebate and sixty quarterly sales tax grants of 50% of the sales tax paid for years 1 to 7 and 25% of the sales tax paid for years 8 to 15 to a security services company to relocate its headquarters and call center. The incentive period began July 2015. The company must maintain a minimum level of taxable sales and continuous occupancy of the premises during the terms of the agreement. The abatements amounted to $460,831 during the fiscal year ended September 30, 2019.

- A ten year agreement for a tangible personal property tax reduction of 100 percent for years one and two, a 75 percent reduction for years three and four, a 50 percent reduction for years five through seven, and a 25 percent reduction for years eight through ten plus waiver of sewer charges over 75 million gallons for Qorvo Texas, LLC. The company must maintain a minimum taxable value of the tangible personal property of at least $25,000,000 for years one to five and $50,000,000 for years six to ten. The agreement was executed in August 2016. During the fiscal year ended September 30, 2019, Qorvo received the first annual installment of the tax abatement for $243,053 and waiver of sewer charges over 75 million gallons of $44,443.

- A ten year agreement for a 50 percent tangible personal property tax reduction and 100 percent sales tax rebate for a local home furnishings warehouse/store to purchase and renovate 415,000 square feet of office and manufacturing/distribution space and to relocate company corporate headquarters, warehouse, distribution center, and retail outlet store to Farmers Branch. The company must maintain a minimum taxable value of the tangible personal property of at least $2,000,000 as of January 1 of each calendar year during the agreement. The incentive period began April 2011. The abatements amounted to $108,054 during the fiscal year ended September 30, 2019.

- An agreement to rebate 30% of tangible personal property tax for ten years for BSN Sports, LLC to maintain tangible personal property at the leased premises of at least $18,000,000 as of January 1 of each calendar year. The agreement was executed in June 2017. The abatements amounted to $11,364 for the fiscal year ended September 30, 2019. In addition, the company received a $100,000 expansion grant during the fiscal year. This was the second annual installment of a $300,000 economic development grant.

- An agreement with TXI Operations, LP to provide a tax abatement for business personal property for a period of thirteen years conditioned on the construction firm leasing approximately 45,000 square feet of space in a building located in Farmers Branch and the company relocation and operation of its corporate headquarters to the leased premises which it must continuously occupy and operate throughout the period of the agreement. The company must maintain taxable value of tangible personal property of at least $1,500,000 on January 1 immediately following the commencement date. The tax abatement is 100 percent of business personal property taxes paid for years 1 to 3, 50 percent for years 4 to 7, and 25 percent for years 8 to 13. The incentive period began November 2013. The abatement amounted to $3,795 for the fiscal year ended September 30, 2019.

- A ten-year agreement for semi-annual economic development grants equal to 50 percent of use taxes collected by the City to a home building company. The company must purchase building materials from Farmers Branch vendors to be eligible for the grants. The effective date of the agreement was January 2018. The abatement amounted to $3,795 for the fiscal year ended September 30, 2019.

- Tax Increment Financing –The City has established three reinvestment zones ("TIF No. 1", "TIF No. 2", "TIRZ No. 3") for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributes 35% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIF No. 1 and 100% of the incremental tax revenues associated with the growth of the tax base in TIF No. 2 to a special fund to pay costs of infrastructure in the zones. There are $379,067,037 of infrastructure improvements in the TIF No. 1 project plan, including streets, water, sewer, lighting, and landscaping. There are $63,624,662 of infrastructure improvements in the TIF No. 2 project plan, including streets, water and sewer projects. TIF No. 1 and TIF No. 2 are scheduled to terminate in tax years 2019 and 2020 respectively. The TIF No. 1 increment for tax year 2018 is $132,673,409.

  For tax years 2017, 2018, and 2019, the City will contribute 1% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessments within the zone. For years 2020 through and including 2052, the City will contribute 40% of the incremental tax revenue generated by the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district associated with the zone. There are $56,487,207 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for tax year 2018 is $564,864. The City accepted $7,221,651 of governmental capital infrastructure and $2,703,507 of water and sewer fund capital infrastructure as capital contributions during the fiscal year ended September 30, 2019. The TIRZ No. 3 is scheduled to terminate in tax year 2052.

The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers to utilize TIF funds. Unlike contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer upon termination of the TIF district will no longer be considered an obligation of the City. The City made $3,100,000 in payments for TIF obligations and $1,176,821 in property tax rebates from general TIF resources.

Public Improvement District – Under Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act",) the City authorized the creation of the Mercer Crossing Public Improvement District (the "PID") to impose annual assessments on property owners within the PID (the "Assessments") to pay for certain public improvements (the "Public Improvements"). The PID is composed of approximately 397.6 acres that are being developed as a master-planned mixed-use development known as "Mercer Crossing". The development is expected to include, among other things, single-family homes, active adult senior condominiums, two hotels, office, retail, commercial, and an amphitheater. Pursuant to a master development agreement and a reimbursement agreement (together, the "Agreements"), the City has agreed to reimburse the Developer for a portion of the costs of the Public Improvements within the PID in a total amount not to exceed $43,247,845, plus accrued interest, from assessment revenues. Under the terms of the Agreements, the Assessments may be offset in each year by tax increment revenues generated with Tax Increment District Number One, which includes the PID property. The only obligation of the City under Agreements is the collection and enforcement of the Assessments and the payment of annual Assessment revenues to the Mercer Crossing developer pursuant to the terms of the Agreements. The City has not issued debt to fund its obligations under the Agreements.

G. Long-Term Liabilities

General Obligation Bonds – The City of Farmers Branch issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Currently, the City has no outstanding general obligation bonds issued for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds are generally issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years. The city is required to compute, at the time taxes are levied, the rate of tax required to provide a fund to pay interest and principal at maturity. The city is in compliance with this requirement.

Bonds payable at September 30, 2019 are comprised of the following individual issues:

General Obligation Bonds:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2019
Certificates of obligation, taxable	2009	$ 10,000,000	1.50 - 5.22	2024	$ 4,050,000
General obligation refunding and improvement bonds	2010	5,605,561	2.00 - 4.00	2030	3,635,415
General obligation refunding bonds, taxable	2011	7,054,057	0.44 -4.00	2025	3,718,232
Certificates of obligation	2012	3,000,000	1.69	2023	1,270,000
Certificates of obligation	2013	7,148,755	2.50 - 4.50	2032	5,450,282
Certificates of obligation	2014	2,042,906	2.00 - 5.00	2024	1,075,419
General obligation bonds	2014	14,691,338	2.00 - 5.00	2034	9,433,613
Certificates of obligation	2016	2,694,083	2.00 - 3.00	2036	2,354,236
Certificates of obligation	2018	11,180,013	3.00 - 5.00	2038	10,151,115
General obligation bonds	2018	14,212,298	3.25 - 4.00	2038	14,094,681
Total General Obligation Bonds		$ 77,629,011			$ 55,232,993

The City currently has $10,000,000 of authorized, but unissued, general obligation bonds.

Legal Debt Margin – The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Calculation of Legal Debt Margin – September 30, 2019

Adjusted Tax Base Valuation	$5,575,637,174
Constitutional Limit	2.5% of assessed valuation
Maximum Constitutional Revenue Available	$139,390,929
Tax Rate to Achieve Maximum Tax Revenue	$2.5000 per $100 of valuation
Adopted Tax Rate for Fiscal Year 2018-19	$0.5995 per $100 of valuation
Available Unused Constitutional Maximum Tax Rate	$1.9005 per $100 of valuation

Developer Advances – In prior years, the City entered into a development agreement, whereby American Realty Trust, Inc., Income Opportunity Realty Investors, Inc., and Transcontinental Realty Investors, Inc. agreed to advance funds to the City for project construction costs in Tax Increment Financing District No. 1 ("TIF No. 1"). The funds advanced and interest payable may be reimbursed only from the TIF No. 1 fund to the extent such funds are on deposit in the fund. Interest accrues beginning from the date the funds are received by the City. The interest rate is the lower of six percent or the developer's actual cost of funds. This interest is calculated on a simple straight-line basis semiannually on the unpaid balance plus accrued interest to date. This amount may be reimbursed only from the Tax Increment Financing District No. 1 ("TIF No. 1") to the extent such funds are on deposit in the fund. Current revenue projections indicate repayment of most of the accrued interest of approximately $11,839,987 will be unlikely before the TIF No. 1 expires on December 31, 2019.

Landfill Closure and Postclosure Costs – The City owns a sanitary landfill site located in the city of Lewisville, Texas. On October 1, 2008, the City renewed a previous ten-year contract with Allied Waste North America, Inc. ("Allied Waste") for the operation and management of the landfill. The current agreement continues until all permitted air space has been filled with waste material.

The landfill operates on a "cell" basis and state and federal laws require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The site capacity of 53.2 million cubic yards will be reached in approximately 33 years. The City recognizes a portion of the final closure and postclosure care liability in each operating period even though actual final payout will not occur until the landfill is completely closed.

The amount recognized as a liability is based on the landfill capacity used as of the balance sheet date. As of September 30, 2019, the City had incurred a liability of $7,018,722, which represents the amount of costs estimated to date based on 34% of landfill capacity used to date. This amount includes a reduction of $179,196 for closure related expenditures paid during fiscal year 2019. The remaining estimated liability for these costs is $12,032,094, which will be recognized as the remaining capacity is used. Additionally, during the term of the agreement, the City is required to maintain a special revenue fund for future landfill closure and postclosure costs and has restricted the fund balance of $2,744,126 for these costs. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year	Due Within More Than One Year
Governmental activities						
General obligation bonds	$ 56,460,000	$	$ (3,680,000)	$ 52,780,000	$ 4,120,000	$ 48,660,000
Premium	2,675,530		(222,537)	2,452,993	222,537	2,230,456
Total bonds payable	59,135,530		(3,902,537)	55,232,993	4,342,537	50,890,456
Developer advances	2,401,028		(2,401,028)			
Compensated absences	5,283,563	2,523,667	(2,613,172)	5,194,058	501,399	4,692,659
Net pension liability	20,114,338	28,571,937	(6,955,558)	41,730,717		41,730,717
Total OPEB liability	4,922,782	259,908	(660,604)	4,522,086		4,522,086
Claims	677,944	3,085,991	(3,025,232)	738,703	544,009	194,694
Landfill closure and postclosure care costs	6,569,960	627,958	(179,196)	7,018,722		7,018,722
Governmental activities long-term debt	$ 99,105,145	$ 35,069,461	$ (19,737,327)	$ 114,437,279	$ 5,387,945	$ 109,049,334
Business-type activities						
Compensated absences	$ 205,502	$ 150,952	$ (152,671)	$ 203,783	$ 37,174	$ 166,609
Net pension liability	1,091,439	1,466,512	(357,008)	2,200,943		2,200,943
Total OPEB liability	486,869	25,705	(65,335)	447,239		447,239
Business-type activities long-term debt	$ 1,783,810	$ 1,643,169	$ (575,014)	$ 2,851,965	$ 37,174	$ 2,814,791
Total	$ 100,888,955	$ 36,712,630	$ (20,312,341)	$ 117,289,244	$ 5,425,119	$ 111,864,125

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, internal service fund liabilities for claims payable of $738,703, compensated absences of $112,421, total OPEB liability of $248,465, and net pension liability of $1,233,884 are included in the above amounts. In addition, for the governmental activities, claims payable, compensated absences, total OPEB liability and net pension liability are generally liquidated by the general fund. The developer advances were liquidated from the TIF No. 1 District capital projects fund. The landfill closure and postclosure care costs will be liquidated from the landfill closure/postclosure fund.

The debt service requirements at September 30, 2019 are as follows:

Year Ending September 30	General Obligation Bonds Principal	Interest	Total
2020	$ 4,342,537	$ 1,883,295	$ 6,225,832
2021	4,432,537	1,707,525	6,140,062
2022	4,612,537	1,522,332	6,134,869
2023	4,771,316	1,325,955	6,097,271
2024	3,315,605	1,171,477	4,487,082
2025-2029	14,197,532	4,319,617	18,517,149
2030-2034	13,143,950	2,036,685	15,180,635
2035-2038	6,416,979	402,432	6,819,411
Total	$ 55,232,993	$ 14,369,318	$ 69,602,311

H. Risk Management and Other Information

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters: and, injuries to employees. A Schedule of Insurance Policies in Force showing the type of coverage, deductible, and liability limit is shown in Table 18 on page 104.

Workers' Compensation Insurance - The City has established the workers' compensation fund (an internal service fund) to account for workers' compensation uninsured risks of loss. Under this program, the workers' compensation fund provides coverage for up to a maximum of $350,000 for each workers' compensation occurrence claim.

The costs associated with this self-insurance plan are funded by charges to the City's other funds. Liabilities include provisions for claims reported and claims incurred, but not reported. The provision for reported claims is computed by the City's third party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported, is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2019. State law provides that the City is relieved of liability if notice of employee injury is not been received within 30 days of the date on which the injury occurs.

At September 30, 2019, the amount of workers' compensation liabilities was $353,989. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses (ALAE), which are primarily legal expenses. Changes in the balance of claims liability during the past two years are as follows:

Fiscal Year	Beginning Fiscal Year Liability	Claims Incurred	Claims Payments	Changes in Estimates	Ending Fiscal Year Liability
2017-2018	$283,901	$213,994	($242,737)	$45,699	$300,857
2018-2019	$300,857	$71,678	($143,097)	$124,551	$353,989

At September 30, 2019, workers' compensation fund cash and investments of $968,370 were held for funding future obligations. The City continues to carry commercial insurance for other risks of loss (except medical insurance as described in the following section). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Group Medical Insurance – The health claims fund (an internal service fund) was established to account for the provision of group medical insurance coverage for employees and their dependents. The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each month for a portion of medical group insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their medical coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific deductible of $150,000 per individual and an $80,000 aggregating specific corridor with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment point of $4,635,283. The attachment point may go up based on an increase in enrollment, but the minimum or lowest it will ever be is $4,609,166. The aggregate contract will pay up to $1,000,000 on total claims over the attachment point.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the City reimburses the insurance company for each claim paid. The insurance company charges the City a fee for this service.

At September 30, 2019, the amount of estimated claims payable was $384,714. Changes in the reported liability since October 1, 2017 resulted from the following:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2017-2018	$356,184	$3,125,837	($3,104,934)	$377,087
2018-2019	$377,087	$2,889,762	($2,882,135)	$384,714

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not reported is determined by an independent consultant.

1) Commitments and Contingencies

The City has several long-term agreements with significant commitments as follows:

a. City of Dallas Water Purchase Agreement - The City purchases treated water from the City of Dallas under a 30-year contract negotiated in August 2010. The City makes payments to the City of Dallas at a rate of $.3650 per 1,000 gallons plus $276,434 per year for each million gallons per day rate of flow (maximum delivery rate). The City paid $5,343,572 to the City of Dallas for the fiscal year ended September 30, 2019.

b. Trinity River Authority (the "Authority") Sewage Disposal Agreement - On November 29, 1973, the City, along with other cities, entered into a 50-year contract with the Authority, whereby the Authority will provide and operate a regional wastewater treatment plant and wastewater conveyance facility constructed with the Authority's funds. In return, the cities agreed to pay for such services based on a usage formula that will provide reimbursements for operations, maintenance, and debt service payments to the Authority. The cities are jointly and severally responsible for the above payments. Each city's proportionate share is determined annually according to its contributing flow to the system. The City paid $4,511,094 to the Authority for the fiscal year ended September 30, 2019.

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of City management, these actions will not result in a significant impact of the City's financial position.

The City participates in several federal grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. For the year ended September 30, 2019, grant expenditures did not exceed the threshold for the single audit requirement; therefore, a single audit was not performed.

2) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The City of Farmers Branch administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007;
- Must have worked for the City for at least ten years, which do not need to be concurrent;
- Must meet the eligibility requirements of the Texas Municipal Retirement System (TMRS) and retire from the City; and,
- Must be on the City's health plan at the time of retirement, and for dependents to be carried on the health plan, they must be on the plan at that time.

Benefits Provided - The City contributes $575 per month toward the cost of a health reimbursement account (HRA) administered through CONEXIS, plus an annual lump sum funding of $500 to the HRA, and the full premium for life insurance coverage of $12,000. The City's contribution for future health insurance premiums is capped at a maximum of $575 per month. As an alternative, to the HRA, retirees may be provided an age-adjusted high deductible health insurance plan with no contribution from the City.

Plan members receiving benefits contribute the full group premium for dental or vision plans selected. They also pay the full premium for age-adjusted life insurance coverage if they choose coverage after they turn 65.

Employees Covered by Benefit Terms – At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	69
Inactive, nonretired members	0
Active employees	150
Total	219

The City's retiree healthcare benefit is only provided to employees who were hired prior to January 1, 2007.

Total OPEB Liability

The City's total OPEB liability of $4,969,325 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Actuarial Assumptions and Methods

Valuation date:	December 31, 2018
Methods and Assumptions:	
Actuarial cost method	Individual Entry-Age Normal
Discount rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct RP2000 Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health care trend rates	N/A. The City's subsidy is a fixed dollar contribution to a retiree health care account.
Participation rates	Medical: 90% of retirees who are eligible for a subsidy, Life Insurance: 100% of eligible retirees

The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	$ 5,409,651
Changes for the year:	
Service cost	112,523
Interest	173,090
Difference between expected and actual experience	(142,849)
Changes of assumptions	(109,852)
Benefit payments	(473,238)
Net changes	(440,326)
Balance at 12/31/2018	$ 4,969,325

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease 2.71%	Discount Rate 3.71%	1% Increase 4.71%
Total OPEB Liability	$5,246,970	$4,969,325	$4,704,324

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$4,969,325	$4,969,325	$4,969,325

Note: The City's retiree medical benefit is a set dollar amount that is not impacted by future medical trends.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City of Farmers Branch recognized OPEB expense of $264,414. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 369,325	$
Changes in assumptions	97,577	89,580
Differences between expected and actual experience	10,380	116,488
Total	$ 477,282	$ 206,068

The amount of $369,325 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	
2020	$ (21,199)
2021	(21,199)
2022	(21,199)
2023	(21,199)
2024	(13,315)
Total	$ (98,111)

3) Defined Benefit Pension Plan

Plan Description

The City of Farmers Branch participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. Beginning in 1996 the City granted, on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically computing the member's account balance by assuming that the current member deposit rate of 7% and City matching ratio of 2 to 1 has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the 2 to 1 City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Additionally initiated in 1996, the City provides, on an annually repeating basis, increases for retirees equal to 70% of the change in the Consumer Price Index (CPI).

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years.

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	332
Inactive employees entitled to but not yet receiving benefits	353
Active employees	398
Total	1,083

Contributions

The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmers Branch were 18.73% and 18.62% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $5,512,290.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 256,692,932	$ 235,487,155	$ 21,205,777
Changes for the year:			
Service cost	4,866,475		4,866,475
Interest	17,101,046		17,101,046
Difference between expected and actual experience	876,127		876,127
Contributions - employer		5,312,253	(5,312,253)
Contributions - employee		2,000,313	(2,000,313)
Net investment income		(7,051,348)	7,051,348
Benefit payments, including refunds of employee contributions	(11,554,676)	(11,554,676)	
Administrative expense		(136,330)	136,330
Other changes		(7,123)	7,123
Net changes	$ 11,288,972	$ (11,436,911)	$ 22,725,883
Balance at 12/31/2018	$ 267,981,904	$ 224,050,244	$ 43,931,660

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
City's net pension liability	$80,522,240	$43,931,660	$13,859,445

Pension plan fiduciary net position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended September 30, 2019, the City recognized pension expense of $9,563,069.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 4,134,967	$
Differences between projected and actual investment earnings	12,174,231	
Changes in actuarial assumptions	18,260	
Differences between expected and actual economic experience	1,461,465	
Total	$ 17,788,923	$

The amount of $4,134,967 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended:	
2019	$ 5,116,953
2020	2.150.686
2021	1,796,970
2022	4,589,347
Total	$ 13,653,956

4) Accounting Standards

The GASB has issued the following Statement(s) which were implemented during the current fiscal year as shown below:

GASB Statement No. 83 – *Certain Asset Retirement Obligations (AROs).* This Statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for periods beginning after June 15, 2018. All applicable provisions have been included in the City's financial statements as of September 30, 2019.

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also includes which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for periods beginning after June 15, 2018. All applicable provisions have been included in the City's financial statements as of September 30, 2019.

The GASB has issued the following Statement(s) which will become effective in future years as shown below:

GASB Statement No. 84 – *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2020. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 87 – *Leases.* This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense of the period. This Statement will become effective September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 90 – *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will become effective September 30, 2020. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 91 – *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This Statement will become effective September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

Measurement Year	2014	2015	2016	2017	2018
Actuarial Valuation Date	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total pension liability					
Service cost	$ 4,007,557	$ 4,261,691	$ 4,616,826	$ 4,806,867	$ 4,866,475
Interest (on the total pension liability)	15,367,910	15,717,266	15,747,728	16,395,749	17,101,046
Changes of benefit terms	0	0	0	0	0
Difference between expected and actual experience	(3,914,413)	(698,312)	1,000,031	1,014,084	876,127
Change of assumptions	0	626,944	0	0	0
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)
Net change in total pension liability	5,224,131	8,949,849	9,686,631	10,176,062	11,288,972
Total pension liability - beginning	222,656,259	227,880,390	236,830,239	246,516,870	256,692,932
Total pension liability - ending (a)	$ 227,880,390	$ 236,830,239	$ 246,516,870	$ 256,692,932	$ 267,981,904
Plan fiduciary net position					
Contributions - employer	$ 4,951,824	$ 4,939,690	$ 4,776,281	$ 5,118,344	$ 5,312,253
Contributions - employee	1,779,313	1,843,704	1,920,471	1,964,277	2,000,313
Net investment income	11,387,339	305,177	13,701,366	29,283,799	(7,051,348)
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)
Administrative expense	(118,899)	(185,890)	(154,760)	(151,785)	(136,330)
Other	(9,775)	(9,182)	(8,338)	(7,692)	(7,123)
Net change in plan fiduciary net position	7,752,879	(4,064,241)	8,557,066	24,166,305	(11,436,911)
Plan fiduciary net position - beginning	199,075,146	206,828,025	202,763,784	211,320,850	235,487,155
Plan fiduciary net position - ending (b)	$ 206,828,025	$ 202,763,784	$ 211,320,850	$ 235,487,155	$ 224,050,244
Net pension liability - ending [(a) - (b)]	$ 21,052,365	$ 34,066,455	$ 35,196,020	$ 21,205,777	$ 43,931,660
Plan fiduciary net position as a percentage of total pension liability	90.76%	85.62%	85.72%	91.74%	83.61%
Covered payroll	$ 25,406,973	$ 25,797,163	$ 26,888,911	$ 28,061,102	$ 28,575,894
Net pension liability as a percentage of covered payroll	82.86%	132.06%	130.89%	75.57%	153.74%

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Texas Municipal Retirement System - Schedule of Contributions
Last Ten Fiscal Years

Fiscal Year	(1) Actuarially determined contribution	(2) Contributions in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Actuarially determined contributions as a percentage of covered payroll (1)/(4)	(6) Contributions as a percentage of covered payroll (2)/(4)
2010	$ 5,944,245	$ 4,710,833	$ (1,233,412)	$ 27,265,998	21.80%	17.28%
2011	5,820,537	4,832,072	(988,465)	26,147,793	22.26%	18.48%
2012	4,730,179	4,730,179	0	24,713,567	19.14%	19.14%
2013	4,875,095	4,875,095	0	24,834,269	19.63%	19.63%
2014	4,919,572	4,919,572	0	25,143,279	19.57%	19.57%
2015	4,887,161	4,887,161	0	25,596,098	19.09%	19.09%
2016	4,859,534	4,859,534	0	26,799,133	18.13%	18.13%
2017	5,042,680	5,042,680	0	27,664,216	18.23%	18.23%
2018	5,235,027	5,235,027	0	28,294,655	18.50%	18.50%
2019	5,512,290	5,512,290	0	29,772,189	18.51%	18.51%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rate multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes	There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Retiree Health Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

Fiscal year ending September 30,	2019	2018
Total OPEB liability		
Service cost	$ 112,523	$ 117,900
Interest on the total OPEB liability	173,090	199,485
Changes of benefit terms	0	0
Difference between expected and actual experience of the total OPEB liability	(142,989)	15,272
Changes of assumptions	(109,852)	143,553
Benefit payments	(473,238)	(486,880)
Net change in total pension liability	(440,466)	(10,670)
Total OPEB liability - beginning	5,409,651	5,420,321
Total OPEB liability - ending	$ 4,969,325	$ 5,409,651
Covered-employee payroll	$ 13,527,167	$ 12,668,540
Total OPEB liability as a percentage of covered-employee payroll	36.74%	42.70%

Notes to Schedule:
Changes of assumptions reflect the effects of changes in the discount rate each period.
The following are the discount rates used in each period:

FYE	Discount Rate
2019	3.71%
2018	3.31%
2017	3.81%

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OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel - to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The City hotel occupancy tax rate for its twelve hotels is 7%.

Police Forfeitures - to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Donations - to account for voluntary contributions for community improvement.

Cemetery – to account for grounds maintenance of Keenan Cemetery.

Tax Increment Reinvestment Zone No. 3 – to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments.

Grants - to account for grant revenues and expenditures.

Municipal Court Fees – to account for the municipal court building security fee dedicated to courthouse security and the municipal court technology fee for the purchase of technological enhancements.

Landfill Closure/Postclosure - to account for the accumulated contributions from a prior contract with Allied Waste North America, Inc. to provide resources for current and future landfill costs related to closure/postclosure.

Joint Fire Training – to account for the contributions from the participating cities to pay for the operations of the Joint Fire Training facility.

PEG Access Channel – to account for Public, Educational, Governmental (PEG) access channel capital support. Funding source is 1% of cable franchisees' gross revenue.

Farmers Branch Local Government Corporation – to account for activities to further the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in Farmers Branch, and currently to develop oil, natural gas and other mineral interests on behalf of the City.

Residential Revitalization Bond – to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The following is a description of the City's Capital Projects Funds:

Non-Bond Capital Projects – to account for the acquisition and construction of major capital facilities.

Hotel/Motel – to account for the construction and financing of historical park improvements, funded by hotel/motel tax revenues.

Radio System Bond – to account for public radio system upgrades and improvements.

Consolidated Dispatch Bond – to account for acquiring, equipping, or constructing of joint public safety dispatch, communications, and training facilities.

Justice Center Improvement Bond – to account for funds to be used for security upgrades, expansion and modernization including shielding for Police and Court, upgrades to locker rooms, evidence and patrol rooms for Police, and updates to jury deliberations and Marshal's office for Court.

TIF No. 1 District - to account for infrastructure construction in the Mercer Crossing tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

TIF No. 2 District - to account for infrastructure construction in the Old Farmers Branch tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

Trails & Sidewalks Bond – to provide funds for park and open space improvements, including trails, sidewalks and nature preserves.

COMBINING BALANCE SHEET - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	$ 7,357,585	$ 2,987,809	$ 9,753,719	$ 20,099,113
Receivables (net of allowance for uncollectibles)	327,165	221,216	443,129	991,510
Accrued interest and other	32,900		50,979	83,879
Inventories	178,800			178,800
Prepaid items	938			938
Total assets	$ 7,897,388	$ 3,209,025	$ 10,247,827	$ 21,354,240
LIABILITIES				
Accounts payable	$ 835,317	$ 1,000	$ 517,481	$ 1,353,798
Retainage payable			21,273	21,273
Deposits payable		300,000	251,293	551,293
Due to other funds	48,100			48,100
Unearned revenue - other	21,567			21,567
Total liabilities	904,984	301,000	790,047	1,996,031
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		108,908	140,061	248,969
Total deferred inflows of resources		108,908	140,061	248,969
FUND BALANCES				
Nonspendable:				
Prepaid items	938			938
Restricted for:				
Construction of capital assets			5,946,787	5,946,787
Landfill closure / postclosure	2,744,126			2,744,126
Promotion of tourism	2,011,127			2,011,127
Purpose of grantors, trustees and donors	560,567			560,567
Economic development	360,093			360,093
Debt service		2,799,117		2,799,117
Law enforcement	1,314,786			1,314,786
Fire training operations	767			767
Assigned to:				
Construction of capital assets			3,370,932	3,370,932
Total fund balances	6,992,404	2,799,117	9,317,719	19,109,240
Total liabilities, deferred inflows of resources, and fund balances	$ 7,897,388	$ 3,209,025	$ 10,247,827	$ 21,354,240

CITY OF FARMERS BRANCH, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No. 3	Grants
ASSETS						
Cash, cash equivalents, and investments	$ 1,823,224	$ 339,308	$ 341,540	$ 6,888	$ 241,595	$ 35
Receivables (net of allowance for uncollectibles)	285,961	1,669				22,065
Accrued interest and other	7,643	1,340	1,743	30	4,948	
Inventories						
Prepaid items	938					
Total assets	$ 2,117,766	$ 342,317	$ 343,283	$ 6,918	$ 246,543	$ 22,100
LIABILITIES						
Accounts payable	$ 105,701	$ 2,460	$	$	$ 20,252	$
Due to other funds						22,100
Unearned revenue - other		21,567				
Total liabilities	105,701	24,027			20,252	22,100
FUND BALANCES						
Nonspendable:						
Prepaid items	938					
Restricted for:						
Landfill closure / postclosure						
Promotion of tourism	2,011,127					
Purpose of grantors, trustees, and donors			343,283	6,918		
Economic development					226,291	
Law enforcement		318,290				
Fire training operations						
Total fund balances	2,012,065	318,290	343,283	6,918	226,291	
Total liabilities, deferred inflows of resources, and fund balances	$ 2,117,766	$ 342,317	$ 343,283	$ 6,918	$ 246,543	$ 22,100

Nonmajor Special Revenue Funds						Total
Municipal Court Fees	Landfill Closure / Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Nonmajor Special Revenue Funds
$ 1,238,132	$ 3,167,560	$ 4,176	$ 153,882	$ 40,683	$ 562	$ 7,357,585
911			16,559			327,165
241	14,444	134	653		1,724	32,900
					178,800	178,800
						938
$ 1,239,284	$ 3,182,004	$ 4,310	$ 171,094	$ 40,683	$ 181,086	$ 7,897,388
$ 242,788	$ 437,878	$ 3,543	$ 1,411	$	$ 21,284	$ 835,317
					26,000	48,100
						21,567
242,788	437,878	3,543	1,411		47,284	904,984
						938
	2,744,126					2,744,126
						2,011,127
			169,683	40,683		560,567
					133,802	360,093
996,496						1,314,786
		767				767
996,496	2,744,126	767	169,683	40,683	133,802	6,992,404
$ 1,239,284	$ 3,182,004	$ 4,310	$ 171,094	$ 40,683	$ 181,086	$ 7,897,388

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2019

	Nonmajor Capital Projects Funds							Total Nonmajor Capital Projects Funds
	Non-Bond	Hotel/ Motel	Radio System Bond	Consolidated Dispatch Bond	TIF District No. 1	TIF District No. 2	Trails & Sidewalks Bond	
ASSETS								
Cash, cash equivalents, and investments	$ 3,673,033	$ 74,367	$ 161,113	$ 271,035	$ 33,668	$ 1,448,738	$ 4,091,765	$ 9,753,719
Receivables (net of allowance for uncollectibles)	331,435		111,694					443,129
Accrued interest and other	18,277	1,051	1,340	1,221	5,544	4,605	18,941	50,979
Total assets	$ 4,022,745	$ 75,418	$ 274,147	$ 272,256	$ 39,212	$ 1,453,343	$ 4,110,706	$ 10,247,827
LIABILITIES								
Accounts payable	$ 411,849	$	$ 100,857	$	$	$	$ 4,775	$ 517,481
Retainage payable	20,038					1,235		21,273
Deposits payable	79,865			171,428				251,293
Total liabilities	511,752		100,857	171,428		1,235	4,775	790,047
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	140,061							140,061
Total deferred inflows of resources	140,061							140,061
FUND BALANCES								
Restricted for:								
Construction of capital assets		75,418	173,290	100,828	39,212	1,452,108	4,105,931	5,946,787
Assigned to:								
Construction of capital assets	3,370,932							3,370,932
Total fund balances	3,370,932	75,418	173,290	100,828	39,212	1,452,108	4,105,931	9,317,719
Total liabilities, deferred inflows of resources, and fund balances	$ 4,022,745	$ 75,418	$ 274,147	$ 272,256	$ 39,212	$ 1,453,343	$ 4,110,706	$ 10,247,827

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	$	$ 4,578,079	$	$ 4,578,079
Hotel/motel taxes	3,115,374			3,115,374
Franchise taxes	66,589			66,589
Tax increment financing	4,006		7,347,600	7,351,606
Special assessments			829	829
Charges for services		1,182,212		1,182,212
Fines and forfeitures	818,058			818,058
Investment income	239,333	600,000	332,846	1,172,179
Intergovernmental	109,857		400,597	510,454
Developer's contributions			651,900	651,900
Miscellaneous	293,469		13,238	306,707
Total revenues	4,646,686	6,360,291	8,747,010	19,753,987
EXPENDITURES				
Current:				
General government	898,536			898,536
Public safety	598,598			598,598
Public works	649,821			649,821
Culture and recreation	2,147,841			2,147,841
Debt service:				
Principal retirement		3,680,000	2,401,028	6,081,028
Interest and fiscal agent charges		2,361,596	698,972	3,060,568
Capital outlay			6,726,565	6,726,565
Total expenditures	4,294,796	6,041,596	9,826,565	20,162,957
Excess (deficiency) of revenues over (under) expenditures	351,890	318,695	(1,079,555)	(408,970)
OTHER FINANCING SOURCES (USES)				
Transfers in		45,647	2,055,000	2,100,647
Transfers out	(561,200)		(45,647)	(606,847)
Sale of capital assets/insurance recoveries		1,708,869		1,708,869
Total other financing sources (uses)	(561,200)	1,754,516	2,009,353	3,202,669
Net change in fund balances	(209,310)	2,073,211	929,798	2,793,699
Fund balances--beginning	7,201,714	725,906	8,387,921	16,315,541
Fund balances--ending	$ 6,992,404	$ 2,799,117	$ 9,317,719	$ 19,109,240

CITY OF FARMERS BRANCH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No. 3	Grants
REVENUES						
Hotel/motel taxes	$ 3,115,374	$	$	$	$	$
Franchise taxes						
Fines and forfeitures		165,652				
Investment income	75,297	7,955	11,374	193	32,292	
Intergovernmental						44,857
Tax increment financing					4,006	
Miscellaneous	42,587		64,573	1,200	81,600	
Total revenues	3,233,258	173,607	75,947	1,393	117,898	44,857
EXPENDITURES						
General government					49,892	
Public safety		36,822	23,494			8,257
Public works			141,831			21,600
Culture and recreation	2,093,923		38,918			15,000
Total expenditures	2,093,923	36,822	204,243		49,892	44,857
Excess (deficiency) of revenues over (under) expenditures	1,139,335	136,785	(128,296)	1,393	68,006	
OTHER FINANCING USES						
Transfers out	(561,200)					
Total other financing uses	(561,200)					
Net change in fund balances	578,135	136,785	(128,296)	1,393	68,006	
Fund balances--beginning	1,433,930	181,505	471,579	5,525	158,285	
Fund balances--ending	$ 2,012,065	$ 318,290	$ 343,283	$ 6,918	$ 226,291	$

Nonmajor Special Revenue Funds						Total
Municipal Court Fees	Landfill Closure / Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Nonmajor Special Revenue Funds
$	$	$	$	$	$	$ 3,115,374
			66,589			66,589
652,406						818,058
1,574	94,262	875	4,262		11,249	239,333
		65,000				109,857
						4,006
	100,200				3,309	293,469
653,980	194,462	65,875	70,851		14,558	4,646,686
89,548			63,337		695,759	898,536
464,738		65,287				598,598
	486,390					649,821
						2,147,841
554,286	486,390	65,287	63,337		695,759	4,294,796
99,694	(291,928)	588	7,514		(681,201)	351,890
						(561,200)
						(561,200)
99,694	(291,928)	588	7,514		(681,201)	(209,310)
896,802	3,036,054	179	162,169	40,683	815,003	7,201,714
$ 996,496	$ 2,744,126	$ 767	$ 169,683	$ 40,683	$ 133,802	$ 6,992,404

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Nonmajor Capital Projects Funds								Total
	Non-Bond	Hotel/ Motel	Radio System Bond	Consolidated Dispatch Bond	Justice Center Improvement Bond	TIF District No. 1	TIF District No. 2	Trails & Sidewalks Bond	Nonmajor Capital Projects Funds
REVENUES									
Tax increment financing	$	$	$	$	$	$5,980,610	$ 1,366,990		$ 7,347,600
Special assessments	829								829
Investment income	119,436	6,865	8,743	7,970		36,175	30,054	123,603	332,846
Intergovernmental	400,597								400,597
Developer's contributions	651,900								651,900
Miscellaneous								13,238	13,238
Total revenues	1,172,762	6,865	8,743	7,970		6,016,785	1,397,044	136,841	8,747,010
EXPENDITURES									
Principal retirement						2,401,028			2,401,028
Interest and fiscal agent charges						698,972			698,972
Capital outlay	3,107,622	374,085	51,608			2,894,508	248,017	50,725	6,726,565
Total expenditures	3,107,622	374,085	51,608			5,994,508	248,017	50,725	9,826,565
Excess (deficiency) of revenues over (under) expenditures	(1,934,860)	(367,220)	(42,865)	7,970		22,277	1,149,027	86,116	(1,079,555)
Transfers in	2,055,000								2,055,000
Transfers out					(45,647)				(45,647)
Total other financing sources	2,055,000				(45,647)				2,009,353
Net change in fund balances	120,140	(367,220)	(42,865)	7,970	(45,647)	22,277	1,149,027	86,116	929,798
Fund balances--beginning	3,250,792	442,638	216,155	92,858	45,647	16,935	303,081	4,019,815	8,387,921
Fund balances--ending	$ 3,370,932	$ 75,418	$ 173,290	$ 100,828	$	$ 39,212	$ 1,452,108	$ 4,105,931	$ 9,317,719

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

Nonmajor Special Revenue Funds, and Debt Service Fund

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Hotel/Motel			Police Forfeitures		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$ 3,100,000	$ 3,115,374	$ 15,374	$	$	$
Fines, forfeitures, and assessments				130,000	165,652	35,652
Franchise taxes						
Tax increment financing						
Investment income	63,000	75,297	12,297	7,200	7,955	755
Intergovernmental						
Donations and miscellaneous	42,200	42,587	387			
Total revenues	3,205,200	3,233,258	28,058	137,200	173,607	36,407
EXPENDITURES						
General government						
Public safety				201,500	36,822	164,678
Public works						
Culture and recreation	2,327,200	2,093,923	233,277			
Total expenditures	2,327,200	2,093,923	233,277	201,500	36,822	164,678
Excess (deficiency) of revenues over (under) expenditures	878,000	1,139,335	261,335	(64,300)	136,785	201,085
OTHER FINANCING USES						
Transfers out	(561,200)	(561,200)				
Total other financing uses	(561,200)	(561,200)				
Net change in fund balances	316,800	578,135	261,335	(64,300)	136,785	201,085
Fund balances--beginning	1,433,930	1,433,930		181,505	181,505	
Fund balances--ending	$ 1,750,730	$ 2,012,065	$ 261,335	$ 117,205	$ 318,290	$ 201,085

Donations			Cemetery			Tax Increment Reinvestment Zone No. 3		
Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
$	$	$	$	$	$	$	$	$
						3,388	4,006	
12,000	11,374	(626)		193	193	15,012	32,292	17,280
54,700	64,573	9,873		1,200	1,200	81,600	81,600	
66,700	75,947	9,247		1,393	1,393	100,000	117,898	17,280
1,900		1,900				83,400	49,892	33,508
25,400	23,494	1,906						
45,260	141,831	(96,571)						
62,100	38,918	23,182						
134,660	204,243	(69,583)				83,400	49,892	33,508
(67,960)	(128,296)	(60,336)		1,393	1,393	16,600	68,006	50,788
(67,960)	(128,296)	(60,336)		1,393	1,393	16,600	68,006	50,788
471,579	471,579		5,525	5,525		158,285	158,285	
$ 403,619	$ 343,283	$ (60,336)	$ 5,525	$ 6,918	$ 1,393	$ 174,885	$ 226,291	$ 50,788

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Grants			Municipal Court Fees		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$	$	$	$	$	$
Fines, forfeitures, and assessments				680,000	652,406	(27,594)
Franchise taxes						
Tax increment financing						
Investment income				1,800	1,574	(226)
Intergovernmental	58,100	44,857	(13,243)			
Donations and miscellaneous						
Total revenues	58,100	44,857	(13,243)	681,800	653,980	(27,820)
EXPENDITURES						
General government				101,500	89,548	11,952
Public safety	13,100	8,257	4,843	600,200	464,738	135,462
Public works	30,000	21,600	8,400			
Culture and recreation	15,000	15,000				
Total expenditures	58,100	44,857	13,243	701,700	554,286	147,414
Excess (deficiency) of revenues over (under) expenditures				(19,900)	99,694	119,594
OTHER FINANCING USES						
Transfers out						
Total other financing uses						
Net change in fund balances				(19,900)	99,694	119,594
Fund balances--beginning				896,802	896,802	
Fund balances--ending	$	$	$	$ 876,902	$ 996,496	$ 119,594

Landfill Closure / Postclosure			Joint Fire Training			PEG Access Channel		
Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
$	$	$	$	$	$	$	$	$
						60,000	66,589	6,589
78,000	94,262	16,262	1,000	875	(125)	2,000	4,262	2,262
			65,000	65,000				
100,000	100,200	200						
178,000	194,462	16,462	66,000	65,875	(125)	62,000	70,851	8,851
						60,000	63,337	(3,337)
			65,300	65,287	13			
956,500	486,390	470,110						
956,500	486,390	470,110	65,300	65,287	13	60,000	63,337	(3,337)
(778,500)	(291,928)	486,572	700	588	(112)	2,000	7,514	5,514
(778,500)	(291,928)	486,572	700	588	(112)	2,000	7,514	5,514
3,036,054	3,036,054		179	179		162,169	162,169	
$ 2,257,554	$ 2,744,126	$ 486,572	$ 879	$ 767	$ (112)	$ 164,169	$ 169,683	$ 5,514

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Farmers Branch Local Gov't Corporation			Residential Revitalization Bond		
	Revised Budget	Actual Budget Basis	Variance	Revised Budget	Actual Budget Basis	Variance
REVENUES						
Hotel taxes	$	$	$	$	$	$
Fines, forfeitures, and assessments						
Franchise taxes						
Tax increment financing						
Investment income				10,000	11,249	1,249
Intergovernmental						
Donations and miscellaneous					3,309	3,309
Total revenues				10,000	14,558	4,558
EXPENDITURES						
General government				700,000	695,759	4,241
Public safety						
Public works						
Culture and recreation						
Total expenditures				700,000	695,759	4,241
Excess (deficiency) of revenues over (under) expenditures				(690,000)	(681,201)	8,799
OTHER FINANCING USES						
Transfers out						
Total other financing uses						
Net change in fund balances				(690,000)	(681,201)	8,799
Fund balances--beginning	40,683	40,683		815,003	815,003	
Fund balances--ending	$ 40,683	$ 40,683	$	$ 125,003	$ 133,802	$ 8,799

Totals		
Revised Budget	Actual Budget Basis	Variance
$ 3,100,000	$ 3,115,374	$ 15,374
810,000	818,058	8,058
60,000	66,589	6,589
3,388	4,006	618
190,012	239,333	49,321
123,100	109,857	(13,243)
278,500	293,469	14,969
4,565,000	4,646,686	81,686
946,800	898,536	48,264
905,500	598,598	306,902
1,031,760	649,821	381,939
2,404,300	2,147,841	256,459
5,288,360	4,294,796	993,564
(723,360)	351,890	1,075,250
(561,200)	(561,200)	
(561,200)	(561,200)	
(1,284,560)	(209,310)	1,075,250
7,201,714	7,201,714	
$ 5,917,154	$ 6,992,404	$ 1,075,250

(concluded)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Property taxes	$ 4,275,800	$ 4,578,079	$ 302,279
Charges for services	1,182,000	1,182,212	212
Investment income	600,000	600,000	
Total revenues	6,057,800	6,360,291	302,491
EXPENDITURES			
Principal retirement	3,680,000	3,680,000	
Interest and fiscal agent charges	2,363,600	2,361,596	2,004
Total expenditures	6,043,600	6,041,596	2,004
Excess of revenues over expenditures	14,200	318,695	304,495
OTHER FINANCING USES			
Transfers in	45,700	45,647	53
Sale of capital assets/insurance recoveries	1,708,870	1,708,869	(1)
Total other financing uses	1,754,570	1,754,516	52
Net change in fund balances	1,768,770	2,073,211	304,441
Fund balances--beginning	725,906	725,906	
Fund balances--ending	$ 2,494,676	$ 2,799,117	$ 304,441

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Fleet & Facilities Management Fund - to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund - to account for the City's workers' compensation self-insurance program.

Health Claims Fund – to account for the City's group health self-insurance program for employees, retirees, and their immediate families.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	$ 1,407,926	$ 968,370	$ 1,323,498	$ 3,699,794
Receivables (net of allowance for uncollectibles)			47,516	47,516
Inventories	34,929			34,929
Prepaid items	4,875			4,875
Deposits		35,000		35,000
Total current assets	1,447,730	1,003,370	1,371,014	3,822,114
Noncurrent assets:				
Capital assets:				
Nondepreciable	8,170			8,170
Depreciable, net of accumulated depreciation	208,904			208,904
Total noncurrent assets	217,074			217,074
Total assets	1,664,804	1,003,370	1,371,014	4,039,188
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	475,799			475,799
Deferred outflows from OPEB	23,864			23,864
Total deferred outflows of resources	499,663			499,663
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	327,923	7,384	121,109	456,416
Compensated absences	23,447			23,447
Claims payable		159,295	384,714	544,009
Total current liabilities	351,370	166,679	505,823	1,023,872
Noncurrent liabilities:				
Compensated absences	88,974			88,974
Claims payable		194,694		194,694
Net pension liability	1,233,884			1,233,884
Total OPEB liability	248,465			248,465
Total noncurrent liabilities	1,571,323	194,694		1,766,017
Total liabilities	1,922,693	361,373	505,823	2,789,889
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from OPEB	10,304			10,304
NET POSITION				
Net investment in capital assets	217,074			217,074
Unrestricted	14,396	641,997	865,191	1,521,584
Total net position	$ 231,470	$ 641,997	$ 865,191	$ 1,738,658

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
Operating revenues				
Charges for services	$ 4,307,402	$	$	$ 4,307,402
Contributions and miscellaneous		336,296	4,212,004	4,548,300
Total operating revenues	4,307,402	336,296	4,212,004	8,855,702
Operating expenses				
Personal services	1,188,714			1,188,714
Materials and supplies	1,604,048			1,604,048
Maintenance and utilities	1,603,399			1,603,399
Insurance claims and expenses		241,560	3,684,367	3,925,927
Depreciation	88,786			88,786
Total operating expenses	4,484,947	241,560	3,684,367	8,410,874
Operating income (loss)	(177,545)	94,736	527,637	444,828
Net position--beginning	409,015	547,261	337,554	1,293,830
Net position--ending	$ 231,470	$ 641,997	$ 865,191	$ 1,738,658

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 4,307,402	$ 347,103	$ 4,175,793	$ 8,830,298
Payments to suppliers	(3,168,236)			(3,168,236)
Payments to employees	(1,108,511)			(1,108,511)
Payments for claims		(226,514)	(3,663,591)	(3,890,105)
Net cash provided by operating activities	30,655	120,589	512,202	663,446
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(18,392)			(18,392)
Net cash used for capital and related financing activities	(18,392)			(18,392)
Net increase in cash and cash equivalents	12,263	120,589	512,202	645,054
Cash and cash equivalents - beginning of year	1,395,663	847,781	811,296	3,054,740
Cash and cash equivalents - end of year	$ 1,407,926	$ 968,370	$ 1,323,498	$ 3,699,794
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ (177,545)	$ 94,736	$ 527,637	$ 444,828
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	88,786			88,786
Changes in assets and liabilities:				
(Increase) decrease in receivables		5,807	(36,211)	(30,404)
Increase in inventories	(8,897)			(8,897)
Decrease in deposits		5,000		5,000
Decrease in prepaid items	4,071			4,071
Increase in deferred outflows of resources	(348,520)			(348,520)
Increase (decrease) in accrued liabilities	51,472	(38,086)	13,149	26,535
Increase in claims payable		53,132	7,627	60,759
Increase in net pension liability	616,263			616,263
Decrease in total OPEB liability	(22,017)			(22,017)
Decrease in accrued compensated absences	(19,780)			(19,780)
Decrease in deferred inflows of resources	(153,178)			(153,178)
Net cash provided by operating activities	$ 30,655	$ 120,589	$ 512,202	$ 663,446

STATISTICAL SECTION
(Unaudited)

The City of Farmers Branch's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

		Page
Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	76 – 83
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	84 – 91
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	92 – 94
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	95 – 96
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	97 – 102
Other Information	This schedule offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements.	103

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF FARMERS BRANCH, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	$ 104,287,452	$ 102,606,658	$ 101,949,868	$ 100,736,048	$ 97,650,889
Restricted	3,481,483	3,717,854	3,451,946	3,593,339	4,792,147
Unrestricted	(11,074,138)	(11,993,823)	(14,520,916)	(16,136,740)	(16,653,141)
Total governmental activities net position	$ 96,694,797	$ 94,330,689	$ 90,880,898	$ 88,192,647	$ 85,789,895
Business-type activities:					
Net investment in capital assets	$ 42,116,214	$ 40,934,305	$ 40,608,870	$ 40,637,368	$ 40,410,276
Unrestricted	15,985,128	15,810,965	15,129,064	13,945,376	11,487,795
Total business-type activities net position	$ 58,101,342	$ 56,745,270	$ 55,737,934	$ 54,582,744	$ 51,898,071
Primary government:					
Net investment in capital assets	$ 146,403,666	$ 143,540,963	$ 142,558,738	$ 141,373,416	$ 138,061,165
Restricted	3,481,483	3,717,854	3,451,946	3,593,339	4,792,147
Unrestricted	4,910,990	3,817,142	608,148	(2,191,364)	(5,165,346)
Total primary government net position	$ 154,796,139	$ 151,075,959	$ 146,618,832	$ 142,775,391	$ 137,687,966

Notes:

(1) The fiscal year 2010 governmental activities were restated with implementation of GASB Statement 61 and inclusion of the Farmers Branch Local Government Corporation as a blended component unit instead of as a discretely presented component unit.

(2) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for

(3) The fiscal year 2015 governmental activities were restated with implementation of GASB Statements 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(4) The fiscal year 2018 governmental activities were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

Fiscal Year				
2015	2016	2017	2018	2019
$ 98,590,058	$ 98,496,787	$ 102,598,166	$ 111,614,735	$ 120,256,477
6,147,754	7,152,723	5,347,455	5,004,542	8,793,762
(31,206,669)	(32,114,251)	(24,589,681)	(23,365,364)	(20,684,259)
$ 73,531,143	$ 73,535,259	$ 83,355,940	$ 93,253,913	$ 108,365,980
$ 42,443,950	$ 41,529,619	$ 40,158,599	$ 44,369,653	$ 50,795,139
9,076,311	10,471,923	12,805,807	15,252,063	18,940,131
$ 51,520,261	$ 52,001,542	$ 52,964,406	$ 59,621,716	$ 69,735,270
$ 141,034,008	$ 140,026,406	$ 142,756,765	$ 155,984,388	$ 171,051,616
6,147,754	7,152,723	5,347,455	5,004,542	8,793,762
(22,130,358)	(21,642,328)	(11,783,874)	(8,113,301)	(1,744,128)
$ 125,051,404	$ 125,536,801	$ 136,320,346	$ 152,875,629	$ 178,101,250

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
Expenses							
Governmental activities							
General government	$ 16,076,317	$ 11,808,807	$ 11,884,776	$ 10,914,452	$ 13,133,503	$ 12,623,901	$ 14,578,536
Public safety	22,032,570	22,439,143	21,414,818	22,772,965	22,147,916	22,025,873	25,223,791
Public works	9,739,019	8,562,557	8,509,565	8,875,224	11,683,321	9,414,374	9,262,380
Culture and recreation	13,335,886	12,824,261	12,866,193	12,739,313	11,820,723	12,588,417	14,084,036
Interest on long-term debt	1,925,378	1,821,645	1,775,374	1,887,714	2,141,082	2,344,088	2,359,900
Unallocated depreciation	129,904	126,464	605,266	126,464	126,464	126,464	273,962
Total governmental activities expenses	63,239,074	57,582,877	57,055,992	57,316,132	61,053,009	59,123,117	65,782,605
Business-type activities:							
Water and sewer	12,889,881	11,937,355	11,712,523	12,249,982	12,393,782	13,095,850	15,187,138
Public improvement district						570,356	274,895
Total business-type activities expenses	12,889,881	11,937,355	11,712,523	12,249,982	12,393,782	13,666,206	15,462,033
Total primary government expenses	$ 76,128,955	$ 69,520,232	$ 68,768,515	$ 69,566,114	$ 73,446,791	$ 72,789,323	$ 81,244,638
Program Revenues							
Governmental activities:							
Charges for services							
Public safety	$ 4,264,166	$ 4,241,073	$ 3,989,457	$ 4,283,496	$ 4,379,539	$ 4,441,054	$ 4,694,946
Public works	2,753,067	2,726,198	2,308,598	2,254,323	2,279,435	2,287,633	2,481,706
Other	1,519,291	2,109,977	2,356,793	2,386,019	2,081,908	3,346,842	2,952,599
Operating grants and contributions	245,328	151,228	310,341	781,993	552,131	335,647	349,473
Capital grants and contributions	1,460,179	720,581	709,138	303,998	98,600	401,271	253,844
Total governmental activities program revenues	10,242,031	9,949,057	9,674,327	10,009,829	9,391,613	10,812,447	10,732,568
Business-type activities:							
Charges for services	13,368,650	14,737,572	14,059,819	14,194,339	14,576,404	17,746,563	20,083,136
Capital grants and contributions					290,890	3,800	
Total business-type activities program revenues	13,368,650	14,737,572	14,059,819	14,194,339	14,867,294	17,750,363	20,083,136
Total primary government program revenues	$ 23,610,681	$ 24,686,629	$ 23,734,146	$ 24,204,168	$ 24,258,907	$ 28,562,810	$ 30,815,704
Net (Expense)/Revenue							
Governmental activities	$ (52,997,043)	$ (47,633,820)	$ (47,381,665)	$ (47,306,303)	$ (51,661,396)	$ (48,310,670)	$ (55,050,037)
Business-type activities	478,769	2,800,217	2,347,296	1,944,357	2,473,512	4,084,157	4,621,103
Total primary government net expense	$ (52,518,274)	$ (44,833,603)	$ (45,034,369)	$ (45,361,946)	$ (49,187,884)	$ (44,226,513)	$ (50,428,934)
General Revenues and Other Changes in Net Position							
Governmental activities							
Taxes							
Property taxes, levied for general purposes	$ 18,311,639	$ 18,109,178	$ 17,284,378	$ 17,707,657	$ 18,886,710	$ 20,727,595	$ 22,191,443
Property taxes, levied for debt service	2,731,178	1,474,045	1,506,258	1,284,446	2,075,008	3,903,953	3,926,612
Sales and use taxes	10,890,296	11,988,696	12,750,809	13,689,917	13,430,485	13,363,544	13,639,841
Other taxes	7,649,667	8,050,487	7,123,827	7,471,449	7,724,433	8,508,637	9,457,598
Investment income	1,777,261	1,379,360	1,341,782	1,386,221	1,872,535	1,591,991	1,664,659
Gain on sale/retirement of capital assets	20,953	56,546	536,320	4,862	36,873	124,938	
Transfers	2,818,200	4,211,400	3,388,500	3,073,500	5,232,600	3,469,420	4,174,000
Total governmental activities	44,199,194	45,269,712	43,931,874	44,618,052	49,258,644	51,690,078	55,054,153
Business-type activities:							
Investment income	62,486	55,111	33,868	20,563	17,915	21,560	34,178
Gain on sale/retirement of capital assets	17,525			(46,610)	56,500		
Transfers	(2,818,200)	(4,211,400)	(3,388,500)	(3,073,500)	(5,232,600)	(3,469,420)	(4,174,000)
Total business-type activities	(2,738,189)	(4,156,289)	(3,354,632)	(3,099,547)	(5,158,185)	(3,447,860)	(4,139,822)
Total primary government	$ 41,461,005	$ 41,113,423	$ 40,577,242	$ 41,518,505	$ 44,100,459	$ 48,242,218	$ 50,914,331
Change in Net Position							
Governmental activities	$ (8,797,849)	$ (2,364,108)	$ (3,449,791)	$ (2,688,251)	$ (2,402,752)	$ 3,379,408	$ 4,116
Business-type activities	(2,259,420)	(1,356,072)	(1,007,336)	(1,155,190)	(2,684,673)	636,297	481,281
Total primary government	$ (11,057,269)	$ (3,720,180)	$ (4,457,127)	$ (3,843,441)	$ (5,087,425)	$ 4,015,705	$ 485,397

Notes:

(1) The fiscal year 2010 governmental activities were restated with implementation of GASB Statement 61 and inclusion of the Farmers Branch Local Government Corporation as a blended component unit instead of as a discretely presented component unit.

(2) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for issuance costs.

(3) The fiscal year 2015 governmental activities were restated with implementation of GASB 68 & 71 to record a beginning net pension liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(4) The fiscal year 2018 governmental activities were restated with implementation of GASB 75 to record a beginning net OPEB liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

Fiscal Year		
2017	2018	2019
$ 16,573,789	$ 16,174,829	$ 19,575,431
26,982,151	25,966,603	29,155,722
304,447	12,433,845	13,841,348
14,415,728	13,864,483	15,349,830
2,217,026	2,812,608	3,474,315
277,305	272,867	246,659
60,770,446	71,525,235	81,643,305
16,086,557	17,132,596	16,513,832
647,624	284,185	1,509,879
16,734,181	17,416,781	18,023,711
$ 77,504,627	$ 88,942,016	$ 99,667,016
$ 4,734,932	$ 4,254,309	$ 4,659,728
2,651,878	3,342,887	6,672,289
3,581,692	6,900,369	5,615,232
600,602	719,367	516,444
560,197	6,471,947	10,004,978
12,129,301	21,688,879	27,468,671
21,271,417	25,155,472	25,734,892
	3,368,829	4,365,188
21,271,417	28,524,301	30,100,080
$ 33,400,718	$ 50,213,180	$ 57,568,751
$ (48,641,145)	$ (49,836,356)	$ (54,174,634)
4,537,236	11,107,520	12,076,369
$ (44,103,909)	$ (38,728,836)	$ (42,098,265)
$ 24,509,410	$ 25,617,820	$ 27,431,177
4,291,764	4,309,918	4,584,944
13,936,336	14,618,441	17,410,323
10,600,730	12,032,639	14,617,755
1,447,475	1,787,154	2,935,658
59,927	17,136	35,918
3,616,184	4,227,900	2,270,926
58,461,826	62,611,008	69,286,701
41,812	103,609	308,111
(3,616,184)	(4,227,900)	(2,270,926)
(3,574,372)	(4,124,291)	(1,962,815)
$ 54,887,454	$ 58,486,717	$ 67,323,886
$ 9,820,681	$ 12,774,652	$ 15,112,067
962,864	6,983,229	10,113,554
$ 10,783,545	$ 19,757,881	$ 25,225,621

CITY OF FARMERS BRANCH, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
General Fund						
Nonspendable	$ 7,567	$ 50,752	$ 68,355	$ 53,954	$ 69,257	$ 132,756
Assigned	394,086	2,314,053	2,901,641	3,011,161	3,731,449	4,676,363
Unassigned	8,226,571	9,280,794	8,629,830	8,942,763	7,538,450	7,907,059
Total general fund	$ 8,628,224	$ 11,645,599	$ 11,599,826	$ 12,007,878	$ 11,339,156	$ 12,716,178
All Other Governmental Funds						
Nonspendable	$ 205,312	$ 212,669	$ 5,518	$ 5,625	$ 5,703	$ 5,647
Restricted	20,614,884	16,893,106	13,893,159	22,579,131	33,062,581	22,883,726
Assigned	2,487,727	1,953,244	538,109	442,101	510,988	990,659
Unassigned	(130,728)	(77,942)				
Total all other governmental funds	$ 23,177,195	$ 18,981,077	$ 14,436,786	$ 23,026,857	$ 33,579,272	$ 23,880,032

Notes:
(1) Fiscal year 2010 was restated with implementation of GASB Statement 61 in fiscal year 2011.

Fiscal Year			
2016	2017	2018	2019
$ 448,649	$ 517,318	$ 410,007	$ 2,737,891
4,182,793	3,629,261	5,244,119	3,126,224
8,257,163	10,183,899	14,421,939	17,828,976
$ 12,888,605	$ 14,330,478	$ 20,076,065	$ 23,693,091
$ 1,178,410	$ 813	$ 24,488	$ 938
19,182,416	15,144,319	33,841,817	27,285,503
1,842,960	2,398,480	3,250,792	3,370,932
$ 22,203,786	$ 17,543,612	$ 37,117,097	$ 30,657,373

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
REVENUES						
Property taxes	$ 21,260,191	$ 19,638,998	$ 18,743,734	$ 19,200,726	$ 21,083,842	$ 24,536,084
Sales and use taxes	10,890,296	11,988,696	12,750,809	13,689,917	13,430,485	13,363,544
Hotel/motel taxes	1,821,619	2,017,819	1,932,530	2,253,459	2,396,399	2,728,631
Franchise taxes	4,217,372	4,628,888	4,224,443	4,419,509	4,495,241	4,411,259
Tax increment financing	931,118	1,879,338	868,477	910,899	1,007,993	1,289,826
Licenses and permits	559,979	886,511	1,012,913	1,015,017	930,443	1,680,095
Charges for services	4,803,469	4,780,573	4,624,287	4,539,757	4,522,186	5,001,160
Fines and forfeitures	3,052,061	3,114,924	2,855,363	3,070,412	3,090,300	3,034,885
Special assessments	443,793	14,096	42,676	9,806	7,585	4,496
Investment income	1,402,261	1,381,715	1,320,647	1,342,026	1,360,409	1,591,991
Intergovernmental	1,522,035	775,339	691,339	569,703	569,418	584,312
Miscellaneous	277,556	339,621	438,008	640,342	171,238	279,221
Total revenues	51,181,750	51,446,518	49,505,226	51,661,573	53,065,539	58,505,504
EXPENDITURES						
General government	10,171,986	9,710,233	11,405,984	11,098,357	12,996,563	12,880,704
Public safety	20,359,951	20,706,962	21,217,452	22,389,057	22,655,239	23,117,436
Public works	7,041,562	6,424,763	6,132,641	6,286,480	7,204,534	7,145,553
Culture and recreation	12,160,356	11,875,903	11,951,546	12,111,397	11,092,198	11,746,205
Debt service:						
Principal retirement	4,315,000	3,600,000	3,720,000	2,000,000	2,596,859	3,450,000
Interest and fiscal agent charges	962,417	1,212,169	773,819	752,555	997,079	1,531,742
Issuance costs	249,042	5,553	108,637	182,333	223,842	
Loss due to decline in market value	4,827,791	292,511	134,227			
Capital outlay	4,756,442	3,499,651	3,712,822	1,862,907	7,496,911	11,716,646
Total expenditures	64,844,547	57,327,745	59,157,128	56,683,086	65,263,225	71,588,286
Deficiency of revenues under expenditures	(13,662,797)	(5,881,227)	(9,651,902)	(5,021,513)	(12,197,686)	(13,082,782)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,044,968	8,547,367	5,007,593	4,837,912	8,517,400	6,528,075
Transfers out	(3,226,768)	(4,335,967)	(1,619,093)	(1,764,412)	(3,284,800)	(2,477,275)
Certificates of obligation issued	10,000,000					
General obligation refunding and improvement bonds issued	7,160,000		7,035,000	9,500,000	15,810,000	
Premiums on debt issued	142,956		19,057	648,755	924,244	
Payment to refunded bond escrow agent	(2,073,612)		(6,950,250)			
Sale of capital assets/insurance recoveries	88,059	491,084	1,569,531	797,381	114,535	709,764
Total other financing sources	18,135,603	4,702,484	5,061,838	14,019,636	22,081,379	4,760,564
Net change in fund balances	4,472,806	(1,178,743)	(4,590,064)	8,998,123	9,883,693	(8,322,218)
Debt service as a percentage of noncapital expenditures	8.87%	8.85%	8.28%	5.19%	6.09%	8.29%

(1) Fiscal year 2010 was restated with implementation of GASB Statement 61 in fiscal year 2011.

Fiscal Year			
2016	2017	2018	2019
$ 26,330,398	$ 28,416,586	$ 30,016,868	$ 31,975,934
13,639,841	13,936,336	14,618,441	17,410,323
2,959,667	2,892,655	2,849,666	3,115,374
4,309,598	4,255,212	4,207,394	4,132,975
2,236,280	3,481,586	4,949,033	7,351,606
1,427,801	2,024,453	5,016,007	3,712,038
5,407,761	5,487,380	6,280,213	8,710,341
3,125,094	3,176,432	2,737,338	2,787,243
1,152		276	829
1,651,645	1,447,475	1,787,154	2,935,658
503,153	676,535	327,232	510,454
194,356	744,394	623,672	1,116,009
61,786,746	66,539,044	73,413,294	83,758,784
13,447,135	14,173,367	13,541,524	15,695,223
24,353,622	25,600,823	25,364,483	26,304,729
7,378,781	8,458,117	9,298,814	9,833,782
12,923,543	12,997,256	13,029,696	13,993,554
3,930,000	4,605,000	5,481,000	6,081,028
1,437,739	1,380,656	1,256,017	3,060,568
96,628		429,311	
7,269,438	7,588,292	10,955,111	16,611,491
70,836,886	74,803,511	79,355,956	91,580,375
(9,050,140)	(8,264,467)	(5,942,662)	(7,821,591)
7,860,588	9,715,107	7,827,000	6,814,947
(3,095,788)	(4,984,107)	(3,129,100)	(3,673,047)
2,545,000		10,515,000	
		13,540,000	
149,083		1,337,311	
87,438	315,166	1,171,523	1,836,993
7,546,321	5,046,166	31,261,734	4,978,893
(1,503,819)	(3,218,301)	25,319,072	(2,842,698)
8.65%	8.97%	9.90%	11.87%

CITY OF FARMERS BRANCH, TEXAS

ESTIMATED ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

	RESIDENTIAL PROPERTY			COMMERCIAL PROPERTY		
FISCAL YEAR	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE
2010	$ 1,231,622,730	$ 340,746,718	$ 890,876,012	$ 2,601,976,410	$ 493,392,278	$ 2,108,584,132
2011	1,202,295,560	352,180,154	850,115,406	2,506,603,830	527,024,423	1,979,579,407
2012	1,168,520,280	346,341,819	822,178,461	2,404,857,560	479,255,392	1,925,602,168
2013	1,161,499,680	341,105,378	820,394,302	2,426,759,830	480,107,916	1,946,651,914
2014	1,172,509,100	339,997,399	832,511,701	2,500,245,200	425,834,837	2,074,410,363
2015	1,219,899,590	348,502,483	871,397,107	2,811,101,750	491,719,476	2,319,382,274
2016	1,282,165,920	358,024,345	924,141,575	3,043,315,820	498,804,477	2,544,511,343
2017	1,406,460,670	393,903,858	1,012,556,812	3,281,998,130	528,879,342	2,753,118,788
2018	1,552,573,710	442,604,793	1,109,968,917	3,423,020,660	512,810,029	2,910,210,631
2019	1,798,603,280	525,012,568	1,273,590,712	3,677,741,270	485,632,657	3,192,108,613

Source: Dallas Central Appraisal District

Note: Property in the city is reassessed at least every three years. Property is assessed at actual value; therefore, the assessed values are equal to actual value less exemptions. Tax rates are per $100 of assessed value.

BUSINESS-PERSONAL PROPERTY			TOTAL			
ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	LESS: TAX EXEMPTIONS	ASSESSED VALUE	TOTAL DIRECT TAX RATE
$ 1,536,661,570	$ 407,846,378	$ 1,128,815,192	$ 5,370,260,710	$ 1,241,985,374	$ 4,128,275,336	$ 0.5195
1,229,699,030	289,896,502	939,802,528	4,938,598,420	1,169,101,079	3,769,497,341	0.5295
1,066,425,480	182,416,255	884,009,225	4,639,803,320	1,008,013,466	3,631,789,854	0.5295
1,101,684,660	180,498,255	921,186,405	4,689,944,170	1,001,711,549	3,688,232,621	0.5295
1,151,040,340	212,570,787	938,469,553	4,823,794,640	978,403,023	3,845,391,617	0.5531
1,275,747,640	250,286,356	1,025,461,284	5,306,748,980	1,090,508,315	4,216,240,665	0.6023
1,454,961,470	384,016,188	1,070,945,282	5,780,443,210	1,240,845,010	4,539,598,200	0.6023
1,361,283,370	274,149,744	1,087,133,626	6,049,742,170	1,196,932,944	4,852,809,226	0.6023
1,305,089,180	223,283,131	1,081,806,049	6,280,683,550	1,178,697,953	5,101,985,597	0.6023
1,315,215,260	205,277,411	1,109,937,849	6,791,559,810	1,215,922,636	5,575,637,174	0.5995

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED

	CITY DIRECT RATES			OVERLAPPING RATES (1)				
FISCAL YEAR	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT (2)	CARROLLTON - FARMERS BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY	DALLAS COUNTY HOSPITAL	DALLAS COUNTY COMMUNITY COLLEGE
2010	$ 0.4516	$ 0.0679	$ 0.5195	$ 1.3422	$ 1.2713	$ 0.2333	$ 0.2740	$ 0.0949
2011	0.4892	0.0403	0.5295	1.3469	1.2378	0.2531	0.2710	0.0992
2012	0.4873	0.0422	0.5295	1.3568	1.2903	0.2531	0.2710	0.0997
2013	0.4935	0.0360	0.5295	1.3306	1.2903	0.2530	0.2710	0.1194
2014	0.4987	0.0544	0.5531	1.3235	1.2821	0.2531	0.2760	0.1247
2015	0.5076	0.0947	0.6023	1.3033	1.2821	0.2531	0.2860	0.1248
2016	0.5139	0.0884	0.6023	1.2817	1.2821	0.2531	0.2860	0.1237
2017	0.5153	0.0870	0.6023	1.3917	1.2821	0.2524	0.2794	0.1229
2018	0.5177	0.0846	0.6023	1.3810	1.2821	0.2531	0.2794	0.1242
2019	0.5167	0.0828	0.5995	1.3700	1.4120	0.2531	0.2794	0.1240

Source: Dallas Central Appraisal District

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Farmers Branch. Not all overlapping rates apply to all city property owners; for example, although the county property tax rates apply to all city property owners, the Dallas Independent School District (ISD) rates apply only to the approximately 29.3% of city property owners whose property is located within that district's geographic boundaries.

(2) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limits of State law, after which the city's residents may petition for a vote. Rates for debt service are set based on each year's debt requirements.

(3) Does not include Dallas ISD as school districts do not overlap each other.

TABLE 6

TOTAL (3)
$ 2.4639
2.4997
2.5101
2.5035
2.5304
2.5694
2.5467
2.6487
2.6400
2.6260

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS
(UNAUDITED

FISCAL YEAR	FARMERS BRANCH	CARROLLTON-FARMERS BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY
2010	$ 21,446,390	$ 200,119,142	$ 1,012,347,453	$ 385,705,977
2011	19,959,488	190,357,561	940,562,436	400,352,271
2012	19,230,327	188,452,360	963,386,876	393,607,404
2013	19,529,192	188,954,940	984,164,209	398,969,141
2014	21,268,861	198,050,007	1,026,191,861	415,485,244
2015	25,393,026	209,568,728	1,097,894,981	443,108,658
2016	27,340,502	218,265,231	1,185,157,319	476,309,394
2017	29,226,869	254,789,816	1,294,078,980	522,984,193
2018	30,727,576	273,015,046	1,390,841,756	561,435,880
2019	33,426,335	295,846,135	1,684,977,660	616,748,343

Source: Dallas Central Appraisal District with exception of Carrollton-Farmers Branch I.S.D. In 2009, Carrollton-Farmers Branch I.S.D. began reporting their own values since the district spans multiple counties and appraisal districts began reporting only their portion of an entity's value if the entity overlaps jurisdictions.

DALLAS COUNTY HOSPITAL	DALLAS COUNTY COMMUNITY COLLEGE
$ 453,330,805	$ 163,641,621
428,980,078	162,905,820
421,898,213	161,373,615
427,773,967	196,713,575
453,602,530	214,160,553
501,250,455	228,116,786
540,475,266	243,935,893
581,286,539	266,184,338
622,295,974	284,192,691
682,256,444	310,881,970

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2019			2010		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (a)	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (b)
Southern Glazers Wine and Spirits	$ 114,065,600	1	2.05%	$ 46,110,690	9	1.12%
Dallas International Parkway	113,500,000	2	2.04%			
EOS Properties at Providence Towers	86,000,000	3	1.54%	61,000,000	6	1.48%
Garden Centura LP	79,650,000	4	1.43%	60,975,410	7	1.48%
5005 LBJ Tower LLC	78,037,530	5	1.40%			
Mercer Acquisition LLC	75,000,000	6	1.35%			
Lakeview at Parkside	65,780,000	7	1.18%	38,625,000	10	0.94%
GPIF International Plaza III LLC	61,551,500	8	1.10%			
EPC BRIC LLC	55,000,000	9	0.99%			
Galleria Texas Partners	54,000,000	10	0.97%			
TCI Park West Inc.				124,293,000	1	3.01%
Occidental Tower Corporation				81,145,180	2	1.97%
AT&T Communications (formerly Southwestern Bell/Cingular)				74,711,620	3	1.81%
70 Washington Street LP				73,762,080	4	1.79%
Research in Motion Corporation				67,303,858	5	1.63%
Maxim				52,104,232	8	1.26%
	$ 782,584,630		14.05%	$ 680,031,070		16.49%

Source: Dallas County, "City Report of Property Value," City of Farmers Branch

Notes:
(a) Total taxable value October 1, 2018 (2019 fiscal year) is $5,575,637,174.
(b) Total taxable value October 1, 2009 (2010 fiscal year) is $4,128,275,336.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUAL LEVY YEAR	ORIGINAL LEVY (1)	SUBSEQUENT ADJUSTMENTS	TOTAL LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS/ (REFUNDS) IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
					CURRENT TAX COLLECTIONS	PERCENT OF TOTAL LEVY COLLECTED		TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TOTAL LEVY
2010	2009	$ 21,446,390	$ (183,723)	$ 21,262,667	$ 21,238,074	99.88%	$ 21,561	$ 21,259,635	99.99%
2011	2010	19,959,488	(466,643)	19,492,845	19,488,243	99.98%	1,622	19,489,865	99.98%
2012	2011	19,230,327	(288,750)	18,941,577	18,901,401	99.79%	27,037	18,928,438	99.93%
2013	2012	19,529,192	(225,138)	19,304,054	19,081,323	98.85%	210,204	19,291,527	99.94%
2014	2013	21,268,861	(52,560)	21,216,301	21,112,294	99.51%	78,774	21,191,068	99.88%
2015	2014	25,393,026	(278,071)	25,114,955	24,917,704	99.21%	128,303	25,046,007	99.73%
2016	2015	27,340,502	(364,636)	26,975,866	26,719,748	99.05%	187,647	26,907,395	99.75%
2017	2016	29,226,869	(569,560)	28,657,309	28,371,356	99.00%	150,983	28,522,339	99.53%
2018	2017	30,727,576	(342,950)	30,384,626	30,399,097	100.05%	(179,545)	30,219,552	99.46%
2019	2018	33,426,335		33,426,335	33,064,557	98.92%		33,064,557	98.92%

Source: Dallas County Tax Office

Notes:
(1) The original levy is as of July of the previous fiscal year and does not include any subsequent adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	DEVELOPER ADVANCES	TOTAL OUTSTANDING DEBT	TAXABLE ASSESSED VALUE	PERCENTAGE OF TAXABLE ASSESSED VALUE	ESTIMATED POPULATION (1)	DEBT PER CAPITA
Governmental Activities:							
2010	$ 27,380,000	$ 8,668,887	$ 36,048,887	$ 4,128,275,336	0.87%	28,616	$ 1,260
2011	26,780,000	8,118,887	34,898,887	3,769,497,341	0.93%	28,600	1,220
2012	26,223,841	7,868,887	34,092,728	3,631,789,854	0.94%	28,620	1,191
2013	25,343,073	7,468,887	32,811,960	3,688,232,621	0.89%	28,800	1,139
2014	24,469,997	7,007,028	31,477,025	3,845,391,617	0.82%	29,660	1,061
2015	24,043,644	6,557,028	30,600,672	4,216,240,665	0.73%	30,350	1,008
2016	23,607,291	5,727,028	29,334,319	4,539,598,200	0.65%	30,480	962
2017	23,165,938	4,437,028	27,602,966	4,852,809,226	0.57%	31,560	875
2018	59,135,530	2,401,028	61,536,558	5,101,985,597	1.21%	31,590	1,948
2019	55,232,993		55,232,993	5,575,637,174	0.99%	31,780	1,738

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	TAXABLE ASSESSED VALUE	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	ESTIMATED POPULATION (1)	PER CAPITA
2010	$ 27,380,000	$ 571,245	$ 26,808,755	$ 4,128,275,336	0.65%	28,616	$ 937
2011	26,780,000	1,906,300	24,873,700	3,769,497,341	0.66%	28,600	870
2012	26,223,841	221,898	26,001,943	3,631,789,854	0.72%	28,620	909
2013	25,343,073	243,741	25,099,332	3,688,232,621	0.68%	28,800	872
2014	24,469,997	258,606	24,211,391	3,845,391,617	0.63%	29,660	816
2015	24,043,644	232,113	23,811,531	4,216,240,665	0.56%	30,350	785
2016	23,607,291	926,091	22,681,200	4,539,598,200	0.50%	30,480	744
2017	23,165,938	488,376	22,677,562	4,852,809,226	0.47%	31,560	719
2018	59,135,530	725,906	58,409,624	5,101,985,597	1.14%	31,590	1,849
2019	55,232,993	2,799,117	52,433,876	5,575,637,174	0.94%	31,780	1,650

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEB
SEPTEMBER 30, 2019
(UNAUDITED

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE OVERLAPPING (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Carrollton - Farmers Branch Independent School District	$ 230,980,000	15.38%	$ 35,524,724
Dallas Independent School District	2,676,385,000	1.85%	49,513,123
Dallas County Hospital District	862,670,000	2.15%	18,547,405
Dallas County Community College District	182,800,000	2.15%	3,930,200
Dallas County	151,495,000	2.15%	3,257,143
Valwood Improvement Authority	8,480,000	38.44%	3,259,712
Dallas County Schools	36,801,240	2.15%	791,227
Subtotal, overlapping debt	4,149,611,240		114,823,534
City direct debt (2)	55,232,993	100.00%	55,232,993
Total direct and overlapping bonded debt	$ 4,204,844,233		$ 170,056,527
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)		3.05%	
Per capita overlapping bonded debt		$ 5,351.05 (3)	

Source: Municipal Advisory Council of Texas

Notes:

(1) The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Carrollton/Farmers Branch ISD, Dallas ISD and Valwood Improvement Authority is calculated by the Dallas Central Appraisal District (DCAD) once every two years as these boundaries overlap within the City. (Source: Municipal Advisory Council of Texas)

(2) The City direct debt includes General Obligation Refunding Bonds, Taxable Series 2011, in the amount of $3,718,232, which are being paid from amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P. and Certificates of Obligation, Series 2018 related to the Camelot Landfill project, for $4,516,283, which are being paid from a sale of land and an increase in royalty revenue from the landfill. The City direct debt also includes bond premiums/discounts and developer advances.

(3) Based on North Central Texas Council of Governments (NCTCOG) population estimate.

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	MEDIAN AGE (2)	PER CAPITA INCOME (2)	PERSONAL INCOME (3)	UNEMPLOYMENT RATE % (4)
2010	28,616	36.4	$ 29,073	$ 831,952,968	8.0%
2011	28,600	36.2	28,715	821,249,000	7.7%
2012	28,620	37.6	29,623	847,810,260	6.2%
2013	28,800	35.9	27,545	793,296,000	5.8%
2014	29,660	36.8	26,703	792,010,980	5.2%
2015	30,350	36.1	29,573	897,540,550	3.6%
2016	30,480	36.7	30,054	916,045,920	3.9%
2017	31,560	35.9	31,053	980,032,680	3.6%
2018	31,590	35.9	30,993	979,068,870	3.3%
2019	31,780	36.4	33,214	1,055,540,920	3.1%

Sources/Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates with the exception of 2010, which is based on the 2010 U.S. Census.

(2) Median Age and Per Capita Income data provided by U.S. Census Bureau's American Community Survey - 5 Year Estimates, with the exception of 2010, which is based on the 2010 U.S. Census.

(3) Personal Income is derived by multiplying per capita income by the estimated population.

(4) Unemployment Rate % provided by Bureau of Labor Statistics.

The following information is provided by the U.S. Census Bureau based on 2010 census information.

Households:	10,797	Male:	14,075
Families:	6,923	Female:	14,541

Racial Breakdown

White	21,017
Black	1,365
American Indian	206
Asian or Pacific Islander	1,261
Other	4,767

Source: U.S. Census Bureau

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2019			2010 [1]		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Federal Government - Internal Revenue Service	1,200	1	1.53%	1,200	4	1.60%
Feizy	1,170	2	1.49%			
Anserteam LLC	1,001	3	1.28%			
Telvista	1,000	4	1.28%			
TD Industries	900	5	1.15%	1,450	3	1.93%
Haggar Clothing Company	750	6	0.96%			
IBM Corporation	700	7	0.89%			
Moni Smart Security (aka Monitornics or Brinks Home Security)	700	7	0.89%	3,370	1	4.49%
Encore Enterprises, Inc.	650	8	0.83%			
Glazer's Wholesale Drug Company	650	8	0.83%			
JPMorgan Chase Investment Services				2,390	2	3.19%
GEICO				1,088	5	1.45%
Brookhaven College				620	6	0.83%
Iidon Security Associates				588	7	0.78%
Ameripath North Texas				581	8	0.77%
Stanley Works, Inc.				520	9	0.69%
Fannie Mae				500	10	0.67%
Texas Hospital for Advanced Medicine (previously RHD)				500	10	0.67%
	8,721		11.13%	12,807		17.07%

Sources:

North Central Texas Council of Governments (NCTCOG) provides total employment estimates, which have a five-year lag. For 2019 estimated total employment is 78,393 and for 2010 estimated total employment was 75,013. (See NCTCOG 2030 Demographic Forecast and Demographic Data for Farmers Branch for further information.) The NCTCOG report is adjusted by the City of Farmers Branch finance department for businesses closed or moved prior to the reporting year.

Note:
(1) Employers with the same number of employees are ranked the same, which may result in the reporting of more than 10 employers.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAI
LAST TEN FISCAL YEARS
(UNAUDITED

	Full-time Equivalent Employees as of September 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
General government	65.74	62.85	62.85	66.01	65.65	72.14	73.60	74.21	69.31	69.14
General administration	7.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00
Communications	4.22	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic development	1.00	1.00	2.50	2.74	3.24	3.00	3.00	3.00	2.00	2.00
Human resources	6.00	6.00	5.00	6.00	7.00	7.00	7.47	6.47	7.75	7.75
Finance	25.00	24.00	24.00	25.18	23.48	24.48	28.24	29.38	18.21	18.21
Information services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.89	11.89
Community services	22.35	23.70	23.20	23.94	24.70	28.00	26.19	27.00	20.00	20.00
Other	0.17	0.15	0.15	0.15	0.23	2.66	1.70	1.36	1.46	1.29
Public safety	196.04	194.76	195.63	195.71	196.84	198.15	199.11	184.49	189.42	189.46
Police	113.04	113.00	115.04	115.04	115.04	116.32	115.85	100.85	102.60	102.60
Fire	80.63	79.67	78.50	78.58	78.60	78.19	79.37	79.38	82.70	82.70
Other	2.37	2.09	2.09	2.09	3.20	3.64	3.89	4.26	4.12	4.16
Public works	44.97	31.62	29.62	29.62	32.01	32.17	35.43	36.90	45.79	45.91
Engineering	13.00	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public health/sustainability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.17	20.17
Public works	29.00	20.00	27.00	27.00	28.00	31.00	34.17	35.17	24.00	24.00
Other	2.97	2.62	2.62	2.62	4.01	1.17	1.26	1.73	1.62	1.74
Culture and recreation	109.60	87.21	84.64	86.33	82.99	101.91	103.35	103.77	106.99	101.52
Parks	85.39	84.47	82.47	83.91	80.43	98.86	98.80	99.81	102.87	97.45
Library	21.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tourism	1.07	1.07	0.50	0.75	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.89	1.67	1.67	1.67	2.56	3.05	4.55	3.96	4.12	4.07
Water and sewer	26.00	20.75	21.66	21.88	25.88	27.17	27.76	27.89	27.88	27.93
Water and sewer	26.00	20.75	21.66	21.88	25.88	26.46	27.00	27.00	27.00	27.00
Other	0.00	0.00	0.00	0.00	0.00	0.71	0.76	0.89	0.88	0.93
Fleet & Facilities	1.07	0.94	0.94	0.94	1.47	0.24	0.31	0.27	0.27	0.28
Fleet & Facilities	1.07	0.94	0.94	0.94	1.47	0.24	0.31	0.27	0.27	0.28
Total	443.42	398.13	395.34	400.49	404.84	431.78	439.56	427.53	439.66	434.24

Source: City of Farmers Branch Finance Department

Notes: Information is reported from amended budgets. In 2018, Information Services was separated from Finance and Public Health & Sustainability was separated from Public Works.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Public safety						
Police						
Number of authorized full-time employees	110	110	112	112	112	113
Number of authorized sworn officers	75	75	74	74	74	74
Number of violations (citations)	20,208	16,068	16,537	14,124	15,629	13,332
Fire						
Number of authorized full-time employees	80	79	78	78	78	78
Number of EMS runs	2,058	2,168	2,234	2,470	2,357	2,589
Number of fire runs	1,178	1,482	1,468	1,552	1,495	1,601
Public works						
Street reconstruction (lane-miles)	0.0	0.7	0.5	0.0	0.0	1.4
Street resurfacing (lane-miles)	0.0	0.0	0.0	0.0	2.9	22.0
Culture and recreation						
Parks						
Recreation memberships sold (basic)	1,378	1,571	1,376	1,286	824	1,347
Recreation memberships sold (fitness)	862	944	966	1,015	813	1,019
Total pool admissions (1)	9,037	10,792	9,457	8,446	0	51,547
Visits to Historical Park	65,013	78,002	61,288	86,309	60,406	85,799
Library						
Volumes borrowed	435,085	247,676	360,582	347,092	352,076	343,592
Volumes in library collection	159,754	138,959	135,345	131,452	135,173	137,586
Water and sewer						
Average daily water consumption (thousands of gallons)	7,888	8,754	8,354	7,718	7,458	7,743
Number of water consumers	9,471	9,472	9,492	9,572	9,628	9,729
Total water purchased (thousands of gallons)	2,879,109	3,195,188	3,049,124	2,817,138	2,722,003	2,826,124

Sources: Various City departments.

(1) Total pool admissions have been restated for fiscal years 2015 and 2016 to include all pool admissions. Previously, only daily-pass holders were included in the count.

Fiscal Year			
2016	2017	2018	2019
113	98	100	100
74	74	76	76
10,948	13,095	11,612	12,111
79	79	82	82
2,887	2,878	2,854	2,933
1,823	1,759	1,843	2,026
1.2	2.8	0.0	0.1
9.6	1.0	11.5	4.7
1,364	1,442	1,866	1,409
1,055	1,059	1,191	1,112
40,963	61,847	68,309	82,857
95,847	109,785	102,413	32,013
303,513	274,219	191,735	177,901
136,953	132,602	116,238	116,093
8,048	7,084	7,901	7,560
9,770	9,770	9,937	10,182
2,937,377	2,585,683	2,883,997	2,759,506

CITY OF FARMERS BRANCH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2010	2011	2012	2013	2014 (1)	2015
General government						
Number of general government buildings	1	1	1	1	1	1
Public safety						
Number of police stations	1	1	1	1	1	1
Number of patrol units	16	16	16	15	15	15
Number of fire stations	3	3	3	3	3	3
Public works						
Streets (lane miles)	411	411	411	411	411	411.5
Number of traffic signals	59	58	58	58	55	55
Landfill capacity (million cubic yards)	24.5	24.5	24.5	24.5	24.5	24.5
Culture and recreation						
Acreage	392	392	392	392	392	392
Number of parks	31	31	31	31	31	31
Number of playgrounds	13	13	13	13	13	13
Number of aquatic centers	1	1	1	1	0	1
Recreation center	1	1	1	1	1	1
Senior center	1	1	1	1	1	1
Library	1	1	1	1	1	1
Historical park	1	1	1	1	1	1
Utilities						
Water mains (miles)	210.0	210.0	203.0	203.0	206.6	206.6
Number of fire hydrants	2,026	2,018	2,085	2,012	2,012	2,041
Storage capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5	21.5
Sanitary sewers (miles)	158.0	158.0	162.0	162.0	165.9	166.0
Storm sewers (miles)	104	104	104	104	104	112

Sources: Various City departments.

Note:
(1) The City's pool was demolished and construction in 2014 and a new aquatic center was completed in 2015.

Fiscal Year			
2016	2017	2018	2019
1	1	1	1
1	1	1	1
15	19	19	19
3	3	3	3
412.0	413.1	420.5	427.1
55	55	56	58
24.5	53.2	53.2	53.2
392	450	450	450
31	28	28	28
13	13	13	13
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
201.3	202.4	211.3	215.0
2,093	2,171	2,229	2,267
21.5	21.5	21.5	21.5
152.9	162.8	166.7	170.3
112	112.5	118.2	119.3

SCHEDULE OF INSURANCE POLICIES IN FORCE
SEPTEMBER 30, 2019
(UNAUDITED

POLICY ISSUED BY	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS	
Texas Municipal League Intergovernment Risk Pool	A++	04687	10/1/2018 9/30/2019	General Liability	$ 50,000	$ 2,000,000	
				Property	5,000	118,569,676	
				Auto Liability	25,000	1,000,000	
				Auto Physical Damage	2,500	Per Schedule	
				Law Enforcement Liability	25,000	1,000,000	
				Errors & Omissions	50,000	1,000,000	
				Mobile Equipment	5,000	2,835,377	
				Workers' Compensation	N/A	350,000	*(SIR)
				Animal Mortality (K-9)	0	As scheduled.	
The Hartford Casualty Insurance Company	A+	61BSBDB5615	10/1/2018 9/30/2019	Fidelity Bond for Finance Director	2,500	250,000	
Great American Alliance Insurance Company	A+	9951170	10/1/2018 9/30/2019	Underground Storage Tank	5,000	1,000,000	
QBE A&H	FSR=A, LSR=A+	LGS02069-19	1/1/2019 12/31/2019	Stop Loss Coverage	150,000	1,000,000	

Source: City of Farmers Branch Risk Manager

Notes: Claims Administrators - Workers' Compensation, TML Claims, 18601 LBJ Freeway, Suite 210, Town East Tower, Mesquite, Texas 75150.
* (SIR) "Self Insured Retention"

TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS [1]	ACTUARIAL ACCRUED LIABILITY [2]	FUNDED RATIO	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL (ACP)	UAAL AS A PERCENTAGE OF ACP	TOTAL TMRS REQUIRED CONTRIBUTION RATE	CURRENT SERVICE PORTION OF TMRS RATE	PRIOR SERVICE PORTION OF TMRS RATE	SUPPLEMENTAL DEATH PORTION OF TMRS RATE
2010	$ 89,792,751	$ 134,608,501	66.71%	$ 44,815,750	$ 27,175,162	164.91%	22.30%	12.25%	9.90%	0.15%
2011 [3]	158,506,492	190,757,068	83.09%	32,250,576	27,316,388	118.06%	22.48%	12.55%	9.75%	0.18%
2012	167,716,459	198,231,012	84.61%	30,514,553	25,307,120	120.58%	19.26%	12.43%	6.71%	0.12%
2013	176,561,067	204,295,430	86.42%	27,734,363	24,893,319	111.41%	19.93%	12.73%	7.07%	0.13%
2014 [4]	187,181,205	222,656,259	84.07%	35,475,054	24,632,123	144.02%	19.62%	12.93%	6.56%	0.13%
2015	197,669,030	227,880,390	86.74%	30,211,360	25,406,973	118.91%	19.09%	9.57%	9.39%	0.13%
2016	207,096,211	236,830,239	87.45%	29,734,028	25,797,164	115.26%	17.75%	9.52%	8.10%	0.13%
2017	215,338,872	246,516,870	87.35%	31,177,998	26,888,911	115.95%	18.37%	10.17%	8.07%	0.13%
2018	225,823,161	256,692,932	87.97%	30,869,771	28,061,102	110.01%	18.73%	10.13%	8.46%	0.14%
2019	235,040,764	267,981,904	87.71%	32,941,140	28,575,894	115.28%	18.62%	10.03%	8.46%	0.13%

Source: Texas Municipal Retirement System

Notes:

(1) Actuarial value of assets is calculated using 10-year smoothing.

(2) As of December 31 of the preceding year, the date of the actuarial valuation. The actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method for fiscal years 2010 to 2013 and Entry Age Normal actuarial funding method for fiscal years 2014 to 2015. Fiscal year 2010 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2010.

(3) Fiscal years 2011 and forward include the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and Municipal Accumulation Fund, but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated CSARF returning both liabilities and assets for retirees to the respective employer accounts.

(4) Fiscal year 2014 includes an update to the mortality table used to determine the annuity purchase rate.

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CONTINUING FINANCIAL DISCLOSURE SECTION
(Unaudited)

The Continuing Financial Disclosure Section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of the fiscal year ending on or after September 30, 1999. The financial tables that follow are updated through September 30, 2019, from the last debt issues that were sold May of 2018. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

2019/2020 Market Valuation Established by DCAD			$ 7,478,082,150
Less Exemptions/Reductions at 100% Market Value:			
Totally Exempt Parcels		$ 526,630,540	
Homestead		270,941,266	
Freeport		172,339,093	
Over 65		144,807,305	
Capped Value Loss		118,887,724	
Agricultural		17,613,129	
Disabled Persons		8,326,172	
Veteran 100% Disabled		3,847,416	
Disabled Veterans		880,500	
Prorated Total Exempt		126,493	
Under 500		44,030	
Pollution Control		98,049	
Mineral Rights		1,400	
Total Exemptions			1,264,543,117
2019/2020 Net Taxable Assessed Valuation			$ 6,213,539,033
City Funded Debt Payable from Ad Valorem Taxes			$ 55,232,993
Less: Self Supporting Debt			
Series 2011 General Obligation Refunding Bonds	(1)		3,718,232
Series 2018 Certificates of Obligation - Landfill Project	(2)		4,516,283
Net General Obligation Debt Payable from Ad Valorem Taxes			$ 46,998,478
General Obligation Interest and Sinking Fund			2,799,117
Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation			0.889%
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation			0.756%

2019 Estimated Population -	31,780
Per Capita Taxable Assessed Valuation -	$195,517
Per Capita Funded Debt Payable from Ad Valorem Taxes -	$1,479

Notes:

(1) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

(2) This debt consists of the portion of the Certificates of Obligation, Series 2018, for the Camelot Landfill project which are expected to be self-supporting from an increase in royalty revenue and a sale of land at the landfill. If the City determines not to use these revenue sources, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 1,961,050,990	26.22%	$ 1,776,936,430	26.16%	$ 1,539,465,050	24.51%
Real, Residential, Multi-Family	1,053,862,590	14.09%	739,090,620	10.88%	534,056,470	8.50%
Real, Vacant Lots/Tracts	254,544,760	3.40%	234,535,830	3.45%	176,784,830	2.81%
Real, Commercial	2,813,299,960	37.62%	2,697,663,820	39.72%	2,681,541,630	42.70%
Real, Industrial	17,071,380	0.23%	16,230,810	0.24%	32,224,060	0.51%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	100,848,930	1.35%	100,775,320	1.48%	106,363,970	1.69%
Tangible Personal, Commercial	1,103,342,530	14.75%	1,052,406,710	15.50%	1,070,555,300	17.05%
Tangible Personal, Industrial	174,059,610	2.33%	173,918,870	2.56%	139,690,840	2.22%
Total Appraised Value Before Exemptions	7,478,082,150	100.00%	6,791,559,810	100.00%	6,280,683,550	100.00%
Less: Total Exemptions/Reductions	1,264,543,117		1,215,922,636		1,178,697,953	
Taxable Assessed Value	$ 6,213,539,033		$ 5,575,637,174		$ 5,101,985,597	

	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 1,395,614,810	23.07%	$ 1,272,752,460	22.02%
Real, Residential, Multi-Family	458,368,110	7.58%	430,845,050	7.45%
Real, Vacant Lots/Tracts	143,621,570	2.37%	144,057,380	2.49%
Real, Commercial	2,648,485,190	43.78%	2,438,358,260	42.18%
Real, Industrial	31,169,630	0.52%	29,620,730	0.51%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	100,864,550	1.67%	104,438,580	1.81%
Tangible Personal, Commercial	1,078,783,290	17.83%	1,051,389,880	18.19%
Tangible Personal, Industrial	192,833,620	3.19%	308,979,470	5.35%
Total Appraised Value Before Exemptions	6,049,742,170	100.00%	5,780,443,210	100.00%
Less: Total Exemptions/Reductions	1,196,932,944		1,240,845,010	
Taxable Assessed Value	$ 4,852,809,226		$ 4,539,598,200	

Notes:

Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District (DCAD) to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

VALUATION AND GENERAL OBLIGATION DEBT HISTORY
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	TAXABLE ASSESSED VALUATION	TAXABLE ASSESSED VALUATION PER CAPITA (2)	G.O. TAX DEBT OUTSTANDING AT END OF YEAR (3)	RATIO OF G.O. TAX DEBT TO TAXABLE ASSESSED VALUATION (2)	G.O. TAX DEBT PER CAPITA (2)(3)
2016	30,480	$ 4,539,598,200	$ 148,937	$ 28,684,582	0.63%	$ 941
2017	31,560	4,852,809,226	153,765	27,801,876	0.57%	881
2018	31,590	5,101,985,597	161,506	59,135,530	1.16%	1,872
2019	31,780	5,575,637,174	175,445	55,232,993	0.99%	1,738
2020	31,780	6,213,539,033	195,517	50,890,456	0.82%	1,601

Notes:

(1) Based on North Central Texas Council of Governments original population estimates with the exception of the current fiscal year, which is a projection and 2010, which is based on the 2010 U.S. Census.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt Series 2010 General Obligation Refunding and Improvement Bonds (refunding portion), Taxable Series 2011 General Obligation Refunding Bonds, and Series 2018 Certificates of Obligation for the Camelot Landfill project.

TAX RATE, LEVY, AND COLLECTION HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	TAX RATE	GENERAL FUND	I & S FUND	TOTAL ADJUSTED TAX LEVY	% CURRENT COLLECTIONS	% TOTAL COLLECTIONS
2015	$ 0.6023	$ 0.5076	$ 0.0947	$ 25,114,955	99.21%	99.73%
2016	0.6023	0.5139	0.0884	26,975,866	99.05%	99.75%
2017	0.6023	0.5153	0.0870	28,657,309	99.00%	99.53%
2018	0.6023	0.5177	0.0846	30,384,626	100.05%	99.46%
2019	0.5995	0.5167	0.0828	33,426,335	98.92%	98.92%

TEN LARGEST TAXPAYERS
FISCAL YEAR 2020
UNAUDITED

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
Southern Glazers Wine and Spirits	Spirit and Wine Distribution	$ 123,785,030	1.992%
Dallas International Parkway	Office Tower - Class A	102,150,000	1.644%
Royal Tx Partners LLC	Real Estate - Office/Showroom	102,000,000	1.642%
EOS Properties at Providence Towers	Office Tower - Class A	91,595,000	1.474%
Garden Centura LP	Office Tower - Class A	84,900,000	1.366%
Mercer Acquisition LLC	Apartment Complex	79,700,000	1.283%
5005 LBJ Tower LLC	Office Tower - Class A	77,872,530	1.253%
Lakeview at Parkside	Apartment Complex	71,625,000	1.153%
GPIF International Plaza III LLC	Office Tower - Class A	62,450,000	1.005%
Park West Holdco LLC	Real Estate - Office/Showroom	58,600,000	0.943%
		$ 854,677,560	13.755%

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2019-20 fiscal year is $6,213,539,033.

TAX ADEQUACY
(UNAUDITED)

2020 Principal and Interest Requirements (1)	$	6,225,832
$0.1013 Tax Rate at 99% Collection Produces		6,231,372
Average Annual Principal and Interest Requirements, 2020-2038 (1)	$	3,663,280
$0.0596 Tax Rate at 99% Collection Produces		3,666,237
Maximum Annual Net Principal and Interest Requirements, 2020	$	6,003,295
$0.0976 Tax Rate at 99% Collection Produces		6,003,770

Note:
(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation for the Camelot Landfill project.

CITY OF FARMERS BRANCH, TEXAS

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
(UNAUDITED)

FISCAL YEAR	OUTSTANDING DEBT (1) PRINCIPAL	INTEREST	TOTAL	LESS SELF-SUPPORTING DEBT (2)	NET DEBT SERVICE REQUIREMENTS
2020	$ 4,342,537	$ 1,883,295	$ 6,225,832	$ 1,839,839	$ 4,385,993
2021	4,432,537	1,707,525	6,140,062	1,843,182	4,296,880
2022	4,612,537	1,522,332	6,134,869	1,837,642	4,297,227
2023	4,771,316	1,325,955	6,097,271	1,801,310	4,295,961
2024	3,315,605	1,171,477	4,487,082	594,210	3,892,872
2025-2029	14,197,532	4,319,617	18,517,149	1,183,917	17,333,232
2030-2034	13,143,950	2,036,685	15,180,635		15,180,635
2035-2038	6,416,979	402,432	6,819,411		6,819,411
	$ 55,232,993	$ 14,369,318	$ 69,602,311	$ 9,100,100	$ 60,502,211

Notes:
(1) "General Obligation Bonds" do not include lease/purchase obligations.

(2) Self-Supporting Debt: Taxable Series 2011 General Obligation Refunding Bonds [average life of issue - 7.714 years] and Series 2018 Certificates of Obligation for Camelot Landfill project [average life of issue - 7.797 years].

TABLE CD-7

% OF PRINCIPAL RETIRED
7.86%
8.03%
8.35%
8.64%
6.00%
25.70%
23.80%
11.62%
100.00%

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

Interest and Sinking Fund, 9/30/19		$ 2,799,117	
Interest and Sinking Fund Tax Levy		4,286,100	
Commercial Rent		600,000	
Landfill Revenue		1,181,000	
Estimated Investment Income			$ 8,866,217
Less: Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/20	(1)		6,225,832
Estimated Balance 9/30/20			$ 2,640,385

Note:

(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation portion for Camelot Landfill project.

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

Stars Center Revenues [1]	$ 600,000
Landfill Revenues [2]	1,181,000
Less: Requirements for Taxable Series 2011 General Obligation Refunding Bonds	599,650
Less: Requirements for Series 2018 Certificates of Obligation for Camelot Landfill project	1,240,189
Deficit amount to be paid from available fund balance	$ (58,839)

Notes:

(1) The Taxable Series 2011 General Obligation Refunding Bonds refunded Taxable Series 2004 Certificates of Obligation. The Taxable Series 2004 Certificates of Obligation were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars, L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. If the lease payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.
(2) The Series 2018 Certificates of Oblgation related to the Camelot Landfill project is expected to be self-supported from an increase in royalty revenue from the landfill. If the landfill payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

HOTEL/MOTEL TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	HOTEL/MOTEL TAX REVENUE	NUMBER OF ROOMS
2010	$ 1,821,619	2,137
2011	2,017,818	2,137
2012	1,932,530	2,137
2013	2,253,459	2,137
2014	2,396,399	2,137
2015	2,728,631	2,137
2016	2,959,667	2,137
2017	2,892,655	2,137
2018	2,849,666	1,957
2019	3,115,374	2,146

HOTEL OCCUPANCY TAXPAYERS
SEPTEMBER 30, 2019
(UNAUDITED)

HOTEL	NUMBER OF ROOMS	TAXES PAID	% OF TOTAL
Omni Dallas Hotel @ Park West	337	$ 811,228	26.04%
Doubletree by Hilton Dallas Near the Galleria	290	570,756	18.32%
Sheraton Dallas Hotel by the Galleria	317	557,550	17.90%
Doubletree by Hilton Dallas-Farmers Branch	160	362,703	11.64%
Wyndham Garden Dallas North	350	309,119	9.92%
Holiday Inn Express	104	107,377	3.45%
Fairfield Inn	106	100,691	3.23%
Motel 6	103	73,486	2.36%
Days Inn North Dallas	51	59,352	1.91%
Econolodge Dallas Airport North	110	42,290	1.36%
Super 8 North Dallas	50	40,764	1.31%
Candlewood Suites	86	39,663	1.27%
Extended Stay Hotels #6069	80	39,413	1.27%
Lakeview at Parkside	1	432	0.01%
Villas at Parkside	1	550	0.02%
	2,146	$ 3,115,374	100.00%

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2019	2018 [1]	2017	2016	2015 [2]
REVENUES:					
Program revenues:					
Charges for services	$ 16,947,249	$ 14,497,565	$ 10,968,502	$ 10,129,251	$ 10,075,529
Operating grants and contributions	516,444	719,367	600,602	349,473	335,647
Capital grants and contributions	10,004,978	6,471,947	560,197	253,844	401,271
General revenues:					
Taxes:					
Property taxes, levied for general purposes	27,431,177	25,617,820	24,509,410	22,191,443	20,727,595
Property taxes, levied for debt service	4,584,944	4,309,918	4,291,764	3,926,612	3,903,953
Sales and use taxes	17,410,323	14,618,441	13,936,336	13,639,841	13,363,544
Hotel/motel taxes	3,115,374	2,849,666	2,892,655	2,959,667	2,728,631
Franchise taxes	4,150,775	4,248,862	4,224,063	4,314,745	4,429,370
Tax increment financing	7,351,606	4,934,111	3,484,012	2,183,186	1,350,636
Investment income	2,935,658	1,787,154	1,447,475	1,664,659	1,591,991
Gain on sale/retirement	35,918	17,136	59,927		124,938
Total revenues	94,484,446	80,071,987	66,974,943	61,612,721	59,033,105
EXPENSES:					
General government	19,575,431	16,174,829	16,573,789	14,578,536	12,623,901
Public safety	29,155,722	25,966,603	26,982,151	25,223,791	22,025,873
Public works	13,841,348	12,433,845	304,447	9,262,380	9,414,374
Culture and recreation	15,349,830	13,864,483	14,415,728	14,084,036	12,588,417
Interest on long-term debt	3,474,315	2,812,608	2,217,026	2,359,900	2,344,088
Unallocated depreciation	246,659	272,867	277,305	273,962	126,464
Total expenses	81,643,305	71,525,235	60,770,446	65,782,605	59,123,117
Change in net position before transfers	12,841,141	8,546,752	6,204,497	(4,169,884)	(90,012)
Transfers	2,270,926	4,227,900	3,616,184	4,174,000	3,469,420
Change in net position	15,112,067	12,774,652	9,820,681	4,116	3,379,408
Net position--beginning	93,253,913	80,479,261	73,535,259	73,531,143	70,151,735
Net position--ending	$ 108,365,980	$ 93,253,913	$ 83,355,940	$ 73,535,259	$ 73,531,143

(1) The fiscal year 2018 governmental activities (Net position - beginning) were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

GENERAL FUND REVENUE AND EXPENDITURE HISTORY
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2019	2018	2017	2016	2015
REVENUES					
Property, sales, and franchise taxes	$ 48,874,564	$ 44,470,529	$ 42,287,059	$ 40,260,831	$ 38,333,869
Licenses and permits	3,712,038	5,016,007	2,024,453	1,427,801	1,680,095
Charges for services	7,528,129	6,257,776	5,487,380	5,407,761	5,001,160
Fines and forfeitures	1,969,185	1,821,404	2,253,046	2,255,213	2,200,215
Investment income	1,198,165	811,617	677,892	733,970	707,195
Intergovernmental	-	250,000	150,000	150,000	200,000
Miscellaneous	91,213	119,488	239,474	66,178	75,774
Total revenues	63,373,294	58,746,821	53,119,304	50,301,754	48,198,308
EXPENDITURES					
General government	14,796,687	13,176,510	14,056,036	13,259,030	12,197,959
Public safety	25,706,131	24,612,190	24,668,699	23,309,501	22,351,409
Public works	9,183,961	8,609,423	7,624,993	6,898,308	6,473,060
Culture and recreation	11,845,713	11,156,834	11,121,976	11,013,500	10,074,366
Total expenditures	61,532,492	57,554,957	57,471,704	54,480,339	51,096,794
Deficiency of revenues under expenditures	1,840,802	1,191,864	(4,352,400)	(4,178,585)	(2,898,486)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,714,300	5,203,200	6,604,107	5,748,574	4,780,744
Transfers out	(3,066,200)	(1,820,000)	(1,125,000)	(1,485,000)	(1,115,000)
Sale of capital assets/insurance recoveries	128,124	1,170,523	315,166	87,438	609,764
Total other financing sources	1,776,224	4,553,723	5,794,273	4,351,012	4,275,508
Net change in fund balance	3,617,026	5,745,587	1,441,873	172,427	1,377,022
Fund balances--beginning	20,076,065	14,330,478	12,888,605	12,716,178	11,339,156
Fund balances--ending	$ 23,693,091	$ 20,076,065	$ 14,330,478	$ 12,888,605	$ 12,716,178

MUNICIPAL SALES TAX HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	TOTAL COLLECTED	% OF AD VALOREM TAX LEVY	EQUIVALENT OF AD VALOREM TAX RATE	PER CAPITA
2015	$ 13,363,544	52.63%	$ 0.3170	$ 440.31
2016	13,639,841	49.89%	0.3005	447.50
2017	13,936,336	47.68%	0.2872	441.58
2018	14,618,441	47.57%	0.2865	462.76
2019	17,410,323	52.09%	0.3123	547.84

The sales tax breakdown for the City is as follows:

Dallas Area Rapid Transit (DART)	1.00¢
City Sales and Use Tax	1.00¢
State Sales and Use Tax	6.25¢
Total	8.25¢

CURRENT INVESTMENTS
SEPTEMBER 30, 2019
(UNAUDITED)

DESCRIPTION OF INVESTMENT	% OF PORTFOLIO	PURCHASE PRICE	MARKET VALUE
Certificates of Deposit	13.80%	$ 10,000,000	$ 10,000,000
Federal Home Loan Bank Notes	9.66%	7,001,050	7,000,131
Municipal Obligations	36.28%	26,282,922	26,292,605
TexPool	19.46%	14,098,768	14,098,768
US Treasury Bill	20.80%	14,876,873	15,073,342
	100.00%	$ 72,259,613	$ 72,464,846

HISTORICAL WATER AND WASTEWATER USAGE
LAST FIVE FISCAL YEARS
(UNAUDITED)

	WATER USAGE AMOUNT IN GALLONS (000)			WASTE WATER CONSUMPTION AMOUNT IN GALLONS (000)
FISCAL YEAR	TOTAL CONSUMPTION	PEAK DAY	AVERAGE DAY	TOTAL USAGE
2015	2,826,124	16,822	7,743	1,300,202
2016	2,937,377	13,105	8,048	1,732,552
2017	2,585,683	12,800	7,084	1,712,000
2018	2,883,997	13,962	7,901	1,549,501
2019	2,759,506	15,687	7,560	1,594,644

Note: Total consumption represents total gallons of water purchased by the City.

TOP TEN WATER CONSUMERS
SEPTEMBER 30, 2019
(UNAUDITED)

CONSUMER	TYPE OF INDUSTRY	2018-19 CONSUMPTION (GALLONS)	% OF TOTAL CONSUMPTION	2018-19 REVENUES	% OF REVENUES
Qorvo Texas LLC	Real Estate	41,922,000	1.5%	$ 308,054	2.0%
FB Creek Partners (Cooks Creek Apts)	Multi-Family Housing	27,200,000	1.0%	210,755	1.3%
Royal Texas Partners LLC	Multi-Family Housing	27,070,000	1.0%	253,145	1.6%
Ventana at Valwood Dallas Associates LP	Multi-Family Housing	23,454,000	0.8%	179,329	1.1%
DFW Mercer Apartments LLC	Multi-Family Housing	21,671,000	0.8%	192,093	1.2%
Boxer F2 LP	Multi-Family Housing	20,523,000	0.7%	166,221	1.1%
Lakeview at Parkside	Multi-Family Housing	19,544,000	0.7%	215,648	1.4%
Fenton Mercer Hold Co	Real Estate	19,020,000	0.7%	140,893	0.9%
Omni Dallas Hotel	Hotel	19,003,000	0.7%	134,038	0.9%
Billingsley Prop Serv II, Inc	Real Estate	18,793,000	0.7%	188,836	1.2%

Source: City of Farmers Branch Finance Department

MONTHLY WATER AND SEWER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

	WATER RATES				SEWER RATES		
	MONTHLY BASE	RATE PER 1,000 GALLONS			MONTHLY BASE	RATE PER 1,000 GALLONS	
FISCAL YEAR	2,000 GALLONS	NEXT 8,000 GALLONS	NEXT 10,000 GALLONS	OVER 20,000 GALLONS	2,000 GALLONS	NEXT 8,000 GALLONS (1)	OVER 10,001 GALLONS (1)
2010	$ 11.69	$ 3.17	$ 3.57	$ 3.71	$ 12.22	$ 1.66	$ 1.66
2011	11.69	3.17	3.57	3.71	12.22	1.66	1.66
2012	11.69	3.17	3.57	3.71	12.22	1.66	1.66
2013	12.04	3.27	3.68	3.82	12.59	1.71	1.71
2014	12.76	3.47	3.90	4.05	13.35	1.81	1.81
2015	14.29	3.89	4.37	4.54	14.95	2.03	2.03
2016	16.44	4.47	5.03	5.22	17.19	2.33	2.33
2017	17.92	4.87	5.48	5.69	18.74	2.54	2.54
2018	19.75	5.40	6.05	6.30	20.65	2.80	3.80
2019	20.94	5.72	6.41	6.68	21.89	2.97	4.03

Notes:
Rates are based on 3/4" and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.
(1) Private residents are not charged for sewer beyond 10,000 gallons.

CONDENSED STATEMENT OF WATER AND SEWER SYSTEM OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2019	2018	2017	2016	2015
REVENUES					
Charges for services	$ 24,264,193	$ 23,719,987	$ 19,943,106	$ 18,487,283	$ 16,628,580
Investment income	228,282	72,068	32,834	28,760	20,022
Miscellaneous	35,886	98,751	20,069	298,127	170,335
Total revenues	24,528,361	23,890,806	19,996,009	18,814,170	16,818,937
EXPENSES					
Personal services	2,310,746	2,004,824	2,169,120	2,083,890	1,863,285
Materials and supplies	277,884	267,072	251,666	237,884	248,384
Maintenance and utilities	1,415,092	1,512,971	1,424,595	1,792,642	1,201,099
Purchase of water	5,343,572	6,084,328	5,598,144	5,414,578	4,752,025
Sewage treatment	4,511,094	4,833,069	4,260,938	3,125,687	2,648,002
Total expenses	13,858,388	14,702,264	13,704,463	12,654,681	10,712,795
Net available for debt service	$ 10,669,973	$ 9,188,542	$ 6,291,546	$ 6,159,489	$ 6,106,142
CUSTOMERS	10,182	9,937	9,770	9,770	9,729

Notes:
The above calculation of amounts available for payment of system debt service excludes non-cash expenses such as depreciation and amortization. Debt service payments are also excluded. Certain non-operating revenue sources, principally investment income, are included.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	AMOUNT PREVIOUSLY ISSUED	UNISSUED BALANCE
Infrastructure	11/07/2017	$ 4,000,000	$	$ 4,000,000
Parks & Open Space	11/07/2017	7,000,000	4,000,000	3,000,000
Neighborhood Dev	11/07/2017	4,000,000	1,000,000	3,000,000
		$ 15,000,000	$ 5,000,000	$ 10,000,000